

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

New Issue

\$10,000,000

Woodward Stores Limited

(Incorporated under the laws of the Province of British Columbia)

6¾% Convertible Debentures 1969 Series

To be dated September 1, 1969

To mature September 1, 1989

The Debentures will not be redeemable on or before September 1, 1974. Further particulars of redemption and particulars of the sinking fund which commences on September 1, 1980 are set out on page 6. The Debentures will, in the opinion of counsel, be direct obligations of the Company, but will not be secured by any charge.

Trustee: Montreal Trust Company

Conversion Privilege

Each Debenture will be convertible at the holder's option at any time up to the close of business on September 1, 1979 or, if called for redemption, on the business day immediately preceding the date specified for redemption, whichever is earlier, into fully paid and non-assessable Class A shares of the Company as presently constituted (without adjustment for interest on such Debenture or for cash dividends on the Class A shares issuable upon conversion) at a conversion rate of 50 Class A shares per \$1,000 principal amount of Debentures, being equivalent to a conversion price of \$20 per Class A share.

The Trust Indenture pursuant to which the Debentures will be issued will include provisions for the adjustment of the conversion privilege in certain events. Further particulars of the conversion privilege are set out on page 8.

In the opinion of counsel, these Debentures will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest its funds.

Price: 100 and accrued interest

We, as principals, offer these 6¾% Convertible Debentures 1969 Series if, as and when issued by the Company and accepted by us, subject to prior sale and subject to the approval of all legal matters on behalf of the Company by Messrs. Cowan & Co., Vancouver and on our behalf by Messrs. Lawson, Lundell, Lawson & McIntosh, Vancouver.

	Price to public (1)	Underwriting discount	Proceeds to Company (1) (2)
Per Unit	100%	2%	98%
Total	\$10,000,000	\$200,000	\$9,800,000

(1) Plus accrued interest from September 1, 1969 to the date of delivery.

(2) Before deducting expenses of issue, estimated at \$50,000.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Debentures in definitive form will be available for delivery on or about September 3, 1969.

**Wood Gundy Securities
Limited**

Toronto Montreal Winnipeg Vancouver Halifax Quebec Saint John
Ottawa Hamilton London Kitchener Regina Saskatoon
London, Eng. Edmonton Calgary Victoria New York

Table of Contents

	<u>Page</u>
The Company	3
Capitalization	3
Purpose of Issue	4
Business of the Company	4
Properties	4
Credit Sales	4
Merchandise Sources	5
Employees	5
Expansion Program	5
Details of the Offering	6
Conversion Privilege	8
Description of Class A and Class B Shares	8
Interest Charges	8
Net Tangible Assets	9
Directors and Officers	9
Remuneration of Directors and Senior Officers	10
Principal Shareholders	11
Plan of Distribution	11
Dividend Record	11
Market Prices of Class A Shares	11
Material Contracts	12
Auditors, Transfer Agents and Registrars	12
Auditors' Report	12
Consolidated Financial Statements	13
Purchaser's Statutory Rights of Withdrawal and Rescission	18

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

New Issue

\$15,000,000

Woodward Stores Limited ← *Jil*

(Incorporated under the laws of the Province of British Columbia)

% Convertible Debentures 1969 Series

To be dated September 1, 1969

To mature September 1, 1989

The Debentures will not be redeemable on or before September 1, 1974. Further particulars of redemption and particulars of the sinking fund which commences on September 1, 1980 are set out on page 6. The Debentures will, in the opinion of counsel, be direct obligations of the Company, but will not be secured by any charge.

Trustee: Montreal Trust Company

Conversion Privilege

Each Debenture will be convertible at the holder's option at any time up to the close of business on September 1, 1979 or, if called for redemption, on the business day immediately preceding the date specified for redemption, whichever is earlier, into fully paid and non-assessable Class A shares of the Company as presently constituted (without adjustment for interest on such Debenture or for cash dividends on the Class A shares issuable upon conversion) at a conversion rate of Class A shares per \$1,000 principal amount of Debentures, being equivalent to a conversion price of \$ per Class A share.

The Trust Indenture pursuant to which the Debentures will be issued will include provisions for the adjustment of the conversion privilege in certain events. Further particulars of the conversion privilege are set out on page 8.

In the opinion of counsel, these Debentures will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest its funds.

Price: and accrued interest

We, as principals, offer these % Convertible Debentures 1969 Series if, as and when issued by the Company and accepted by us, subject to prior sale and change in price and subject to the approval of all legal matters on behalf of the Company by Messrs. Cowan & Co., Vancouver and on our behalf by Messrs. Lawson, Lundell, Lawson & McIntosh, Vancouver.

	Price to public (1)	Underwriting discount	Proceeds to Company (1) (2)
Per Unit	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest from September 1, 1969 to the date of delivery.

(2) Before deducting expenses of issue, estimated at \$.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Debentures in definitive form will be available for delivery on or about September 3, 1969.

This is a preliminary prospectus relating to these securities, a copy of which has been filed with the British Columbia, Alberta, Saskatchewan, Manitoba and Ontario Securities Commissions but which has not yet become final for the purpose of a primary distribution to the public. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted in any of such provinces prior to the time a receipt is obtained for the final prospectus from the Securities Commission of such province.

Table of Contents

	<u>Page</u>
The Company	3
Capitalization	3
Purpose of Issue	4
Business of the Company	4
Properties	4
Credit Sales	4
Merchandise Sources	5
Employees	5
Expansion Program	5
Details of the Offering	6
Conversion Privilege	8
Description of Class A and Class B Shares	8
Interest Charges	8
Net Tangible Assets	9
Directors and Officers	9
Remuneration of Directors and Senior Officers	10
Principal Shareholders	11
Plan of Distribution	11
Dividend Record	11
Market Prices of Class A Shares	11
Material Contracts	12
Auditors, Transfer Agents and Registrars	12
Auditors' Report	12
Consolidated Financial Statements	13
Purchaser's Statutory Rights of Withdrawal and Rescission	18

The Company

Woodward Stores Limited (the "Company") was incorporated under the laws of the Province of British Columbia on April 25, 1947 under the name Woodward Stores (1947) Limited by Memorandum of Association confirmed by Certificate of the Registrar of Companies. The Memorandum and Articles of Association of the Company have been amended from time to time to change its name on April 27, 1964 to Woodward Stores Limited and to reorganize the Company's authorized capital and to extend the powers of the Company and its Directors to manage such capital. For the purpose of this issue the Company passed a special resolution on July 4, 1969, confirmed by Certificate of the Registrar of Companies dated , 1969, which increased the number of Class A shares the Company is authorized to issue from 7,003,300 Class A shares to 8,503,300 Class A shares.

The Company operates department stores and shopping centres in British Columbia and Alberta through subsidiary companies. The Company also operates large food markets in association with each of its stores. Through its subsidiary, Woodward Acceptance Company Limited, the Company finances customers' instalment purchases. In this prospectus, unless the context otherwise requires, the term "Woodward's" refers to Woodward Stores Limited and its subsidiary companies.

The address of the head office and principal office of the Company is 101 West Hastings Street, Vancouver, British Columbia.

Capitalization				
	<u>Authorized and to be authorized</u>	<u>Outstanding as at May 31, 1969</u>	<u>Outstanding as at June 30, 1969</u>	<u>To be outstanding after giving effect to this financing</u>
INDEBTEDNESS:				
Woodward Stores Limited (1)				
First Mortgage Bonds				
4½% Series B due April 1, 1975	\$ 6,800,000	\$ 3,440,000	\$ 3,440,000	\$ 3,440,000
Debentures				
5% 1957 Series due January 15, 1977	\$ 6,000,000	\$ 50,000	\$ 50,000	\$ 50,000
5% 1958 Series due May 15, 1978	\$ 5,000,000	\$ 2,649,000	\$ 2,649,000	\$ 2,649,000
5¾% 1965 Series due June 15, 1985	\$10,000,000	\$ 8,691,000	\$ 8,691,000	\$ 8,691,000
% Convertible 1969 Series due September 1, 1989	\$15,000,000	—	—	\$15,000,000
Woodward Acceptance Company Limited (2)				
6½% Series A Debentures due December 15, 1980 ...	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
SHARE CAPITAL (3):				
Preference shares				
4½% non-cumulative redeemable par value \$5 each	600,000 shs.	286,806 shs. (\$1,434,030)	286,806 shs. (\$1,434,030)	286,806 shs. (\$1,434,030)
Class A shares, no par value	8,503,300 shs.	4,694,480 shs. (\$11,736,200)	4,694,480 shs. (\$11,736,200)	4,694,480 shs. (\$11,736,200)
Class B shares, no par value	1,796,700 shs.	1,792,950 shs. (\$4,482,375)	1,792,950 shs. (\$4,482,375)	1,792,950 shs. (\$4,482,375)

Notes: (1) The First Mortgage Bonds of the Company are secured by a fixed charge on certain real and immovable property and other assets of Woodward's and by a floating charge on its undertaking. Under the terms of the Trust Indenture the Company is restricted from issuing further First Mortgage Bonds except for refunding those presently outstanding. All of the debentures of the Company rank equally.

(2) The Company has unconditionally guaranteed payment of principal, interest and premium, if any, on the debentures of Woodward Acceptance Company Limited. Under the terms of its indenture, Woodward Acceptance Company Limited has agreed to maintain assets consisting of current accounts receivable, cash or approved securities, equivalent to 112½% of its outstanding indebtedness.

(3) In addition to the stated value of the outstanding capital stock, Woodward's had Contributed Surplus of \$4,595,953 and Retained Earnings of \$40,555,758 as at May 31, 1969. 1,792,950 Class A shares have been reserved to provide for the right of exchange of the Class B shares and Class A shares will be reserved to meet the conversion privilege to be attached to the % Convertible Debentures 1969 Series.

(4) Reference is made to Note 8 to the financial statements for particulars of long term lease commitments and contingent liabilities and to Note 2 for particulars of the minority interest in Southgate Shopping Centre Limited.

Purpose of Issue

The net proceeds to the Company from the sale of the securities offered by this prospectus will amount to \$ _____ before deducting expenses of issue estimated at \$ _____. These proceeds will be added to the working capital of the Company and, together with funds generated internally, will be available to the Company to meet capital and other expenditures for projects presently underway or proposed, which are described under "Expansion Program" on page 5.

Business of the Company

Woodward's, which began operations in Vancouver in 1892, is one of the largest retail establishments in Canada. Woodward's has been a leader in its industry as evidenced by its participation, in 1950, in the first shopping centre in Canada. This step was taken in recognition of the suburban growth of large cities and changing consumer buying habits. The growth of Woodward's has been influenced by the expansion of the economy and population in Western Canada. Since 1960, the areas served by Woodward's have experienced an increase in population of 18.9% which is well above the increase of 13.5% for Canada as a whole. During this period, five stores and two shopping centres were opened. Sales of Woodward's for its fiscal year ended January 31, 1969, amounted to \$257.7 million, an increase of 110% over sales for the fiscal year ended January 31, 1961 and an increase of 10.3% over sales for the fiscal year ended January 31, 1968.

Properties

Woodward's operates 13 stores located in the Provinces of British Columbia and Alberta. Five department stores are located in the Greater Vancouver area, three in Edmonton, Alberta, and one each in Kamloops, Port Alberni, Prince George and Victoria in British Columbia and one in Calgary, Alberta. The largest of such stores, in downtown Vancouver, contains 660,000 square feet of floor space, while the smallest, in Port Alberni, contains 97,000 square feet. Eight of the stores, having a total floor space of 2,045,000 square feet, are owned and five stores with total floor space of 1,130,000 square feet, are operated in premises held under long term leases which expire from 1981 to 1988, each of which is subject to renewal for a further period. Taking into account renewal clauses contained in every lease, the earliest expiration date is 1995. On the basis of leases on premises now occupied, the minimum annual rentals (exclusive of taxes and other expenses payable by the lessee) for any future fiscal year, are approximately \$2 million. In addition, each lease contains a sales percentage rental clause.

Woodward's owns and operates three shopping centres. Oakridge Shopping Centre in Vancouver, opened in 1959, is situated on 32 acres and contains the Woodward's Oakridge store of 294,400 square feet and 70,000 square feet of additional space leased to others. Northgate Shopping Centre in Edmonton, opened in 1965, is situated on 25.5 acres and contains the Woodward's Northgate store of 240,000 square feet and 50,000 square feet of additional space leased to others. Parkwood Shopping Centre in Prince George, opened in 1966, is situated on 13.5 acres and contains the Woodward's Parkwood store of 145,000 square feet and 33,000 square feet of additional space leased to others.

In addition to the complete lines of merchandise usually found in department stores, each Woodward's store has an extensive and modern food market. The food markets account for an important portion of Woodward's operations. They provide the customer with the advantage of one-stop shopping and generate traffic which benefits other departments of the stores.

Service stations are operated in conjunction with each of Woodward's department stores with the exception of the Park Royal store in West Vancouver and it is the intention of the Company to include a Woodward's service station with each future department store wherever possible.

Woodward's operates two major warehouses, one in Vancouver containing 352,000 square feet of space which is owned by Woodward's and one in Edmonton containing 313,000 square feet which is held under a long term lease.

Credit Sales

All types of merchandise sold by Woodward's can be purchased by customers on a credit basis. Various types of credit plan are available including 30 day Charge Accounts, Revolving Credit and Long Term Credit. Long Term Credit plans for larger purchases generally permit payment over a period of months, running to a maximum of three years. Woodward Acceptance Company Limited purchases long term accounts from the Woodward stores to the extent to which it has funds available.

Credit sales are approximately 34% of total sales. This is lower than the usual percentage in department stores and is due to the fact that a large percentage of sales in Woodward's food markets is on a cash basis.

Merchandise Sources

Woodward's estimates that approximately 85% of the merchandise it sells is purchased from Canadian suppliers. The remainder is purchased from many sources throughout the world. A buying office is maintained in London, England and many buying agencies operate on Woodward's behalf in other countries. Woodward buyers travel extensively, visiting current suppliers and searching for new sources of merchandise.

In addition to handling the brand lines of many manufacturers, merchandise is offered for sale under Woodward's own brand names, which include Woodcrest, Woodsonia, Woodpress, Sun Ray, Sport King, Transonic, Seven Star and Rawhide.

Employees

The full time permanent staff of Woodward's numbers approximately 5,000, with the total number employed reaching a peak of 12,000 at the height of the busiest season.

The Woodward organization has always maintained a policy of developing a young and thoroughly trained management and has constantly carried out training programs for potential executives in all phases of the business. The availability of qualified management has been recognized as, and will continue to be, a major factor in the sound growth and future expansion of the Company.

Expansion Program

Woodward's is engaged in an expansion program and a modernization program of its existing facilities, and together with others, is assisting in the redevelopment of a major area of downtown Vancouver.

The construction of a two-storey addition of 41,750 square feet to the New Westminster store was completed in the fourth quarter of 1968. The cost of the addition, including fixtures, was approximately \$2.2 million.

The Park Royal Shopping Centre in West Vancouver is being expanded by the landlord and Woodward's has agreed to increase its leased premises by 62,650 square feet. Woodward's capital cost for fixtures is estimated at \$1.3 million and the project should be completed by early 1970.

Woodward's, in a joint venture with Hudson's Bay Company, has commenced construction of a shopping centre in Edmonton to be known as Southgate Shopping Centre Limited ("Southgate"). Woodward's holds 60% of the issued shares of Southgate. The total investment in the centre including land is expected to be approximately \$15 million. Woodward's portion of the construction cost will be approximately \$7.5 million. This will be a major centre on 40 acres which will include two large department stores and about 45 other stores and service establishments. Leases have been signed or are in the final stages of negotiation for almost all of this space. It is planned to open this centre in August 1970. In the course of the next five years it is anticipated that this centre will be independently financed and advances by the two shareholders will then be repaid. The Woodward store, to be leased from Southgate, will require an outlay of a further \$5 million for fixtures and merchandise inventories.

Woodward's is negotiating for 279,300 square feet of gross leasable space in a proposed shopping centre in Northwest Calgary. Woodward's estimates that its investment in respect of its store in the centre will be approximately \$5 million for fixtures and merchandise inventories.

Woodward's has just completed the expansion of its warehouse operations in new leased premises in Edmonton and proposes to expand its warehouse operations in Vancouver at a cost of approximately \$1.1 million.

Woodward's, together with Canadian Pacific Railway Company ("C.P.R."), Marathon Realty Company Limited, Third Properties Limited, a subsidiary of Grosvenor-Laing (B.C.) Ltd. and Simpsons-Sears Limited is engaged in a major redevelopment program for downtown Vancouver known as Project 200. The project involves the development of approximately 24 acres, of which 20 acres consists of air rights over C.P.R. trackage along the waterfront of downtown Vancouver. The first stage of this project is the construction of the C.P. Telecommunications Building to be leased in its entirety to the C.P.R. The cost of construction is estimated at \$1.6 million and Woodward's investment is expected to be approximately \$368,000.

There are other plans for new outlets which are in varying stages of early development.

Details of the Offering

The % Convertible Debentures 1969 Series to mature September 1, 1989 (the "Debentures") will be issued under a Trust Indenture to be dated as of September 1, 1969 between the Company and Montreal Trust Company as Trustee (the "Trust Indenture").

The following is a summary of the material attributes and characteristics of the Debentures which does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture.

General

The Debentures will, in the opinion of counsel, be direct obligations of the Company but will not be secured by any charge. The Debentures will rank equally, except for sinking funds pertaining to the respective issues, with all outstanding debentures of the Company but will rank junior to the First Mortgage Bonds which are secured by a first fixed and specific mortgage, pledge and charge on certain real and immovable property and other assets of Woodward's and by a floating charge on its undertaking. At May 31, 1969, \$3,440,000 principal amount of First Mortgage Bonds were outstanding and, under the terms of the Trust Indenture, no additional First Mortgage Bonds may be issued other than for refunding of existing First Mortgage Bonds.

The Company has unconditionally guaranteed payment of principal, interest and premium, if any, on the outstanding \$5,000,000 Series A Debentures of Woodward Acceptance Company Limited. Under the terms of its indenture, Woodward Acceptance Company Limited has agreed to maintain assets consisting of current accounts receivable, cash or approved securities, equivalent to 112½% of its outstanding indebtedness.

The principal of, and half-yearly interest (March 1 and September 1) and redemption premium, if any, on the Debentures will be payable in lawful money of Canada at any branch in Canada of the Company's bankers for this purpose at the holder's option. Debentures in definitive form are expected to be available for delivery on or about September 3, 1969. Debentures will be available as coupon debentures registrable as to principal only in the denomination of \$1,000 and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Sinking Fund

The Company will covenant in the Trust Indenture to pay to the Trustee, as and by way of a sinking fund for the Debentures, in each of the years 1980 to 1988 inclusive, sums sufficient to retire on September 1, in each of such years 5% of the principal amount of such Debentures outstanding at the close of business on September 1, 1979.

The Debentures will be redeemable out of sinking fund moneys at the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption. Debentures redeemed (for other than sinking fund purposes) or purchased by the Company after September 1, 1979 shall establish a sinking fund credit which may be applied to the satisfaction in whole or in part of future sinking fund obligations.

Redemption

The Debentures will not be redeemable on or before September 1, 1974. Subject to the foregoing, the Debentures will be redeemable prior to maturity for other than sinking fund purposes in whole at any time or in part from time to time at the option of the Company, on not less than 30 days' notice, at prices equal to the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

If redeemed in the 12 months ending September 1	%	If redeemed in the 12 months ending September 1	%	If redeemed in the 12 months ending September 1	%
1975		1980		1985	
1976		1981		1986	
1977		1982		1987	
1978		1983		1988	
1979		1984		1989	

The Company will have the right to purchase Debentures in the market or by private contract at prices not exceeding % of the principal amount thereof if purchased on or prior to September 1, 1974 and thereafter at prices not exceeding the foregoing percentages of the principal amount thereof together with accrued and unpaid interest and costs of purchase.

Covenants

The Trust Indenture will contain covenants to the effect that so long as any of the Debentures are outstanding:

1. The Company will not issue any further First Mortgage Bonds except First Mortgage Bonds created and issued to refund the then outstanding First Mortgage Bonds of the Company.
2. The Company will not and will not permit a Subsidiary to mortgage, charge, pledge, hypothecate or otherwise encumber any of its assets to secure any obligation unless such obligation is a Funded Indebtedness and unless at the same time it will secure equally and rateably with such obligation all the Debentures then outstanding under the Trust Indenture; providing that such provision will not apply to (i) the giving or assumption of Purchase Money Obligations; (ii) the giving of any mortgage, charge, pledge or other encumbrance required to be given or granted pursuant to the provisions of the Deed of Trust and Mortgage securing the outstanding First Mortgage Bonds of the Company; (iii) the creation and issue of First Mortgage Bonds or other securities of the Company for the purpose of refunding its then outstanding First Mortgage Bonds or for the purpose of refunding any such refunding issue authorized under the foregoing provisions; (iv) any security (except on fixed assets and shares and indebtedness of Subsidiaries and shares or advances to companies in which the Company has more than a 50% interest) given in the ordinary course of business to any bank or banks, or others, to secure any indebtedness payable on demand or maturing within 12 months of the date that such indebtedness is incurred or the date of any renewal or extension thereof; (v) certain statutory and other liens and encumbrances to be specified in the Trust Indenture and (vi) any encumbrance existing on the property of a Subsidiary six months prior to the date on which it became a Subsidiary.

The Trust Indenture will also contain covenants which will prohibit, subject to certain exceptions, the issue, sale or other disposal of any shares or Funded Indebtedness (other than Purchase Money Obligations) of any Subsidiary other than to the Company or to any other Subsidiary or other than to secure Funded Indebtedness of the Company (including any First Mortgage Bonds issued by the Company) unless, in the case of a sale or other disposal of shares or Funded Indebtedness of a Subsidiary, all the shares and Funded Indebtedness of such Subsidiary held by the Company or any other Subsidiary are sold or disposed of.

3. Neither the Company nor any Subsidiary will create, issue or become liable upon or assume any Funded Indebtedness (including the issue of further Debentures under the Trust Indenture) unless (i) the average annual Consolidated Net Earnings for the Two Preceding Years have amounted to at least three times the amount required to meet the annual interest requirements on all Consolidated Funded Indebtedness to be outstanding after such proposed issue, and (ii) as at a date not more than one hundred and twenty days prior to the date of such proposed issue, Consolidated Net Tangible Assets plus the net proceeds of the proposed issue of Funded Indebtedness shall be equal to at least one and one-half times the aggregate principal amount of all Consolidated Funded Indebtedness to be outstanding after such proposed issue.
4. Neither the Company nor any Subsidiary will sell, transfer or otherwise dispose of, except to the Company or to another Subsidiary, any substantial part of its properties and assets unless immediately after giving effect to any such disposal Consolidated Net Tangible Assets shall be equal to at least one and one-half times the aggregate principal amount of all Consolidated Funded Indebtedness.

Definitions

The Trust Indenture will contain, among others, definitions to the following effect:

1. "Consolidated Net Earnings" for any period means the net profit or gain (not including capital gains or losses) of the Company and of its Subsidiaries for such period, to be defined as before interest on any Funded Indebtedness, income taxes, depreciation, depletion or amortization.
2. "Funded Indebtedness" means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than twelve months after the date of the creation, issuance or assumption thereof and any guarantees in respect thereof.

3. "Subsidiary" means any corporation of which outstanding shares carrying voting rights at all times and representing more than fifty per cent (50%) of the votes represented by all such shares outstanding are or shall at any time be owned directly or indirectly, or held by or for the Company and/or by or for any other corporation in like relation to the Company and includes any corporation in like relation to a Subsidiary; provided that the terms "Subsidiary" or "Subsidiaries" shall not include any corporation whose business is restricted to the purchasing of accounts receivable, liens, mortgages and other evidences of indebtedness or acquiring, by lease, purchase or otherwise land, buildings and interests in land for the purpose of improving and developing the same.

Modification

The rights of a Debentureholder under the Trust Indenture may be modified. For that purpose, among others, the Trust Indenture will contain provisions for the holding of meetings of Debentureholders and for rendering resolutions passed at such meetings by not less than 66 $\frac{2}{3}$ % of the votes cast or instruments in writing signed by the holders of 66 $\frac{2}{3}$ % of the Debentures binding upon all Debenture holders, subject to the provisions of the Trust Indenture.

Conversion Privilege

Each Debenture will be convertible at the holder's option at any time up to the close of business on September 1, 1979 or, if called for redemption, the business day immediately preceding the date fixed for redemption of such Debenture, whichever is earlier, into fully paid and non-assessable Class A shares of no par value in the capital of the Company as presently constituted (without adjustment for interest accrued on such Debenture or for dividends on Class A shares issuable upon conversion) on the basis of Class A shares for each \$1,000 principal amount of Debentures, being equivalent to a conversion price of \$ per Class A share.

The Trust Indenture will contain provisions to the effect that, in the event of (a) any reduction in the number of Class A or Class B shares outstanding due to consolidation thereof or (b) any increase in the number of Class A or Class B shares outstanding due to sub-division thereof, a proportionate adjustment shall be made in the number of Class A shares issuable upon conversion of the Debentures. The Trust Indenture will also contain other provisions designed to protect the conversion privilege against dilution. The Company will covenant in the Trust Indenture that it will at all times reserve sufficient of its unissued Class A shares to satisfy the exercise of the right of conversion attaching to the Debentures.

Description of Class A and Class B Shares

All of the Class A and Class B shares of the Company confer on the holders thereof the right to one vote, and rank equally with each other except as to rights to dividends, which rights are as follows:

- (i) The Class B shares are entitled to receive the same annual rate of dividends as Class A shares, but the holders of the Class B shares may waive dividends on their shares for any period, without prejudice to the right of the holders at a later date to require payment within twelve months of the dividends so waived.
- (ii) The Directors may pay to the holders of Class B shares dividends previously waived in the form of stock dividends consisting of redeemable preference shares which before allotment shall be paid up by the application in payment therefor of funds available to the Company as the result of capitalization of tax-paid undistributed income on the condition that \$5.882 of dividends previously waived shall be deemed to be paid by the Company and received by such holder for every redeemable preference share of the par value of \$5.00 which may be allotted to such holder by way of stock dividend.

Each Class B share may, at the holder's option, be exchanged for a Class A share. Any Class B share surrendered in exchange may be reissued.

Interest Charges

The maximum annual interest charges on the outstanding \$3,440,000 principal amount of First Mortgage Bonds of the Company amount to \$159,100 and the maximum annual interest charges on the outstanding debentures of the Company amount to \$959,682 and the maximum annual interest charges on the \$15,000,000 principal amount of the % Convertible Debentures 1969 Series will amount to \$.

Consolidated earnings before extraordinary gains and provision for income taxes, available for payment of interest on long term debt of the Company and its subsidiaries averaged \$12,087,108 for the five years ended January 31, 1969 and amounted to \$15,012,966 in the year then ended.

Net Tangible Assets

The consolidated net tangible assets of the Company and its subsidiaries as at May 31, 1969 after giving effect to this financing were as follows:

Fixed assets (valued in accordance with Note 3 to the Consolidated Financial Statements)	\$70,806,335
Less accumulated depreciation	26,220,770
Fixed assets—net	44,585,565
Net current assets	40,471,219
Other assets (excluding unamortized debenture expense)	364,322
Equity in Southgate	637,607
	86,058,713
Less — Deferred income taxes	1,905,000
Net tangible assets	84,153,713
Net proceeds of this issue	
Net tangible assets adjusted to give effect to this financing	\$

These adjusted net tangible assets of \$ are equivalent to \$ for each \$1,000 of the \$34,221,000 principal amount of long term debt outstanding as at May 31, 1969 after giving effect to the present financing.

Directors and Officers

<u>Name and address</u>	<u>Office</u>	<u>Principal occupation</u>
CHARLES NAMBY WYNN WOODWARD..... 2020 Haro Street, Vancouver, British Columbia	Chairman of the Board and Director	Chairman of the Board, Woodward Stores Limited
GEORGE DENNISON GLANVILLE..... 3330 Radcliffe Avenue, West Vancouver, British Columbia	President and Director	President, Woodward Stores Limited
THOMAS RAYMOND FARRELL..... 2151 West 39th Avenue, Vancouver, British Columbia	Executive Vice President and Director	Executive Vice President, Woodward Stores Limited
THOMAS KENNETH CAMPBELL..... 7 Tweedsmuir Crescent, Edmonton, Alberta	Vice President and Director	Vice President, Woodward Stores Limited
CHARLES REGINALD CLARRIDGE..... 483 Eastcot Road, West Vancouver, British Columbia	Vice President and Director	Vice President, Woodward Stores Limited
HAROLD LESLIE JOY..... 6165 Collingwood Place, Vancouver, British Columbia	Vice President and Director	Vice President, Woodward Stores Limited
WALTER GORDON SKINNER, F.C.A..... 224 Onslow Place, West Vancouver, British Columbia	Vice President, Secretary and Director	Vice President and Secretary, Woodward Stores Limited
RUTH WYNN WOODWARD..... Woodwynn Farm, Saanichton, British Columbia	Vice President and Director	Housewife
FREDERICK BLAKE BARKER..... 6310 Fremlin Street, Vancouver, British Columbia	Director	Store Manager, Woodward Stores Limited

<u>Name and address</u>	<u>Office</u>	<u>Principal occupation</u>
RONALD NEVILLE BLIGH..... 2020 Haro Street, Vancouver, British Columbia	Director.....	Director — Real Estate and Development, Woodward Stores Limited
MARCO GANDOSI..... 9731 - 146 Street, Edmonton, Alberta	Director.....	Supervisor—Finance and Accounting, Woodward Stores Limited
LESLIE GEORGE HULL..... 5951 Balsam Street, Vancouver, British Columbia	Director.....	Divisional Merchandise Manager, Woodward Stores Limited
GRANT WOODWARD MACLAREN..... R. R. 6, North Edmonton, Alberta	Director.....	Merchandise Manager, Woodward Stores Limited
ARTHUR FERDINAND MAYNE..... 342 Redfern Avenue, Westmount 215, Quebec	Director.....	President, A. F. Mayne & Associates Limited
JOHN OXLEY MOXON..... 1215 Delaire Drive S.W., Calgary, Alberta	Director.....	Store Manager, Woodward Stores Limited
WILLIAM HERBERT NOBLE..... 2180 West 6th Avenue, Vancouver, British Columbia	Director.....	Salesman, Woodward Stores Limited
LEWIS GEORGE PHIPPS..... 405 McBeth Crescent, West Vancouver, British Columbia	Director.....	Director—Buildings and Planning, Woodward Stores Limited
GEORGE MALLAM RENNIE..... 3820 S. W. Marine Drive, Vancouver, British Columbia	Director.....	Divisional Merchandise Manager, Woodward Stores Limited
AIDAN ROBINSON..... 2 Burlington Court, Pond Square, Highgate Village, London N6, England	Director.....	Manager—London Office, Woodward Stores Limited
ROBERT ARTHUR WHITE..... 1176 West 54th Avenue, Vancouver, British Columbia	Director.....	Barrister & Solicitor
GORDON ALEXANDER ANDERSON..... 245 West 28th Street, North Vancouver, British Columbia	Assistant Secretary.....	Assistant Secretary, Woodward Stores Limited

All of the directors and officers of the Company have held their present positions or other positions with the same firms for the past five years with the exception of Mr. A. F. Mayne whose principal occupation prior to January 23, 1969 was Executive Vice President of a Canadian chartered bank.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was \$736,391 for the year ended January 31, 1969, and \$240,081 for the five months ended June 30, 1969.

The estimated aggregate cost to the Company and its subsidiaries for the year ended January 31, 1969 of all pension benefits proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age was \$134,439.

As at June 30, 1969 the directors and senior officers, as a group, beneficially owned, directly or indirectly, 3.7% of the outstanding Class A Shares and 95.5% of the outstanding Class B shares of the Company.

Principal Shareholders

As at June 30, 1969, the principal equity shareholders of the Company were:

Name and address	Designation of Class	Type of ownership	Number of shares owned	Percentage of class
Elmswood Limited ¹ 101 West Hastings Street, Vancouver, B.C.	Class A	Record & Beneficial	77,604	1.65
	Class B	Record & Beneficial	1,176,184	65.5
Charles Namby Wynn Woodward, 2020 Haro Street, Vancouver, B.C.	Class A	Record & Beneficial	512	0.01
	Class B	Record & Beneficial	507,056	28.3
The Trustees for Woodward's Profit Sharing & Savings Fund Plan, ² 101 West Hastings Street, Vancouver, B.C.	Class A	Record	557,871	11.9

Notes:

- 1 Elmswood Limited is controlled by Mrs. Ruth Wynn Woodward who is deemed to own beneficially the Class A and Class B shares owned by it.
- 2 Shares held in the Profit Sharing & Savings Fund Plan for the benefit of employees of the Company who are members may, during the term of the Plan, be voted by the trustees as a majority thereof in their discretion may determine. The present trustees are the directors of the Company and Miss Rose Bancroft of 7671 Griffiths Street, Burnaby, British Columbia.

Plan of Distribution

Under an agreement dated _____, 1969, between the Company and Wood Gundy Securities Limited, as underwriter, the Company has agreed to sell and the underwriter has agreed to purchase, subject to the terms and conditions stated therein, the \$15,000,000 principal amount of _____ % Convertible Debentures 1969 Series at a price of \$ _____ per \$100 principal amount thereof, plus accrued interest from September 1, 1969 to the date of delivery, payable in cash to the Company against delivery of such Debentures.

The underwriter is obligated to take up and pay for all of the Debentures if any of the Debentures are purchased and therefore no Debentures less than the full principal amount thereof will be issued by the Company.

Dividend Record

The Company has paid dividends on its outstanding shares in each of the five years ended January 31, 1969 as follows:

	1965	1966	1967	1968	1969
Class A shares	\$.35	\$.35	\$.375	\$.405	\$.46
Class B shares*	\$.35	\$.35	\$.375	\$.405	\$.46

*including taxes related thereto.

Market Prices of Class A Shares

The following table sets out the reported high and low sale prices of the Class A shares of the Company for the periods indicated after giving effect to the two for one stock split on June 30, 1967. The Class A shares are listed on the Vancouver and Toronto Stock Exchanges.

Year	High	Low
1964	\$13.75	\$10.50
1965	14.31	11.25
1966	13.43	11.37
1967	18.00	11.50
1968	22.87	16.12
1969 (through June 30, 1969)	20.87	16.62

The reported closing sale price on The Toronto Stock Exchange on July 2, 1969 was \$18.00.

Material Contracts

Particulars of material contracts entered into by the Company and its subsidiaries during the two years preceding the date hereof, other than contracts in the ordinary course of business are as follows:

- (i) underwriting agreement between the Company and Wood Gundy Securities Limited referred to on page 11 under "Plan of Distribution";
- (ii) construction contract made on March 26, 1969 between Southgate Shopping Centre Limited and Poole Construction Limited for construction of a building and facilities in Southgate Shopping Centre, in Edmonton, Alberta, for the sum of \$10,467,048; and
- (iii) agreement dated as of May 1, 1968 between the Company, the Governor and Company of Adventurers of England Trading into Hudson's Bay and Southgate Shopping Centre Limited providing for the management of Southgate Shopping Centre Limited and the sale of the Southgate Shopping Centre site by Woodward's to Southgate Shopping Centre Limited.

Copies of the foregoing agreements may be examined during the usual business hours at the head office of the Company during the period of primary distribution of the Debentures and for a period of 30 days thereafter.

Auditors, Transfer Agents and Registrars

The auditors of the Company are Deloitte, Plender, Haskins & Sells, Chartered Accountants, 505 Burrard Street, Vancouver, British Columbia.

The Transfer Agent and Registrar for the Class A shares of the Company is the Company at its head office and Montreal Trust Company, Edmonton, Toronto and Montreal.

The registers in respect of the 4½ % non-cumulative preferred shares and the Class B shares of the Company and the registers of transfers thereof are maintained at the head office of the Company.

The registers for the 4½ % First Mortgage Bonds Series B are kept at the offices of Montreal Trust Company in Vancouver, Winnipeg, Toronto and Montreal.

The registers for the Debentures of the Company are kept at the offices of Montreal Trust Company in Vancouver, Winnipeg, Toronto and Montreal, who will also keep the registers for the % Convertible Debentures 1969 Series.

Counsel for the Company are Messrs. Cowan & Co., Vancouver, whose partners own beneficially 250 Class B shares and 100 Class A shares of the Company.

Auditors' Report

To the Directors
Woodward Stores Limited:

We have examined the consolidated balance sheet of Woodward Stores Limited and its subsidiary companies as at January 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the five fiscal years then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances, except for Southgate Shopping Centre Limited, whose accounts have been examined and reported on by other chartered accountants.

In our opinion, which insofar as it relates to the amounts included for Southgate Shopping Centre Limited whose accounts have not been examined by us, is based solely on the reports of other chartered accountants, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1969 and the results of their operations and the source and application of their funds for the five fiscal years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

We have not carried out any auditing procedures with respect to the figures contained in the consolidated balance sheet as at May 31, 1969 and in the consolidated statements of earnings, retained earnings and source and application of funds for the four months ended May 31, 1968 and May 31, 1969, and therefore we do not express any opinion concerning them.

Vancouver, British Columbia.
, 1969

Chartered Accountants

**Woodward Stores Limited
And Subsidiary Companies
Consolidated Balance Sheet**

Assets	January 31, 1969	May 31, 1969 (unaudited)
Current Assets:		
Cash	\$ 3,204,246	\$ 3,670,519
Marketable securities—at cost (market value January 31, 1969—\$4,888,052; May 31, 1969—\$4,427,166)	1,891,547	1,391,896
Accounts receivable less allowance for doubtful accounts	25,633,806	21,992,343
Merchandise inventories—at lower of cost or market	35,817,171	35,637,857
Prepaid expenses	579,200	803,543
	<u>67,125,970</u>	<u>63,496,158</u>
Investments and Other Assets:		
Investment in and advances to associated companies	321,550	321,550
Mortgages and deferred charges	49,150	42,772
Special refundable tax	60,058	—
	<u>430,758</u>	<u>364,322</u>
Southgate Shopping Centre Limited (Note 2)	1,414,998	1,861,536
Fixed Assets (Note 3):		
Buildings and improvements	38,926,487	38,930,218
Fixtures and equipment	22,932,870	23,781,190
	<u>61,859,357</u>	<u>62,711,408</u>
Accumulated depreciation	25,231,165	26,220,770
	<u>36,628,192</u>	<u>36,490,638</u>
Land	8,094,927	8,094,927
	<u>44,723,119</u>	<u>44,585,565</u>
Unamortized Debenture Expense	83,170	78,970
	<u>\$113,778,015</u>	<u>\$110,386,551</u>
Liabilities		
Current Liabilities:		
Bank indebtedness	\$ 4,859,763	\$ 5,405,092
Short term notes—unsecured	—	2,800,000
Accounts payable and accrued liabilities	17,644,309	14,203,109
Funded debt due within one year (Note 4)	560,000	609,000
Income taxes payable	2,178,800	7,738
	<u>25,242,872</u>	<u>23,024,939</u>
Funded Indebtedness (Note 4)	19,921,000	19,221,000
Deferred Income Taxes	1,900,000	1,905,000
	<u>47,063,872</u>	<u>44,150,939</u>
Minority Interest in Southgate Shopping Centre Limited (Note 2)	1,045,314	1,223,929
Shareholders' Equity		
Share Capital (Note 5):		
Authorized		
600,000 4½ % Non-cumulative preference shares, par value \$5.00 each, redeemable at par		
7,003,300 Class A shares, no par value		
1,796,700 Class B shares, no par value		
Issued and fully paid		
264,090 Preference shares (May 31, 1969—286,806 shares)	1,320,450	1,434,030
4,694,480 Class A shares	11,736,200	11,736,200
1,792,950 Class B shares	4,482,375	4,482,375
Contributed Surplus (Note 6)	4,595,953	4,595,953
Surplus Resulting From Restatement of Certain Fixed Assets (Note 7)	2,247,509	2,207,367
Retained Earnings	41,286,342	40,555,758
	<u>65,668,829</u>	<u>65,011,683</u>
	<u>\$113,778,015</u>	<u>\$110,386,551</u>

Approved on behalf of the Board:

(Signed) C. N. WOODWARD, Director

(Signed) W. G. SKINNER, Director

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Consolidated Statement of Earnings

	Fiscal year ended January 31				Four months ended May 31	
	1965	1966	1967	1968	1968	1969
				(unaudited)	(unaudited)	(unaudited)
Operating revenue:						
Sales including service charges	\$163,510,197	\$181,162,210	\$204,963,060	\$233,704,646	\$ 72,471,077	\$ 80,050,732
Rental revenue — gross	637,955	794,497	976,345	1,108,326	371,225	388,089
Total operating revenue	164,148,152	181,956,707	205,939,405	234,812,972	72,842,302	80,438,821
Costs and expenses:						
Cost of merchandise sold and all other expenses except those listed hereunder	126,164,101	138,784,848	156,214,790	177,677,811	55,096,956	60,700,332
Wages, salaries, commissions and bonuses	26,890,940	30,069,198	34,473,999	39,809,353	13,447,503	14,948,429
Depreciation	1,597,969	1,888,809	2,321,583	2,682,705	972,742	949,463
Interest on funded debt	810,451	1,167,650	1,325,250	1,250,282	416,833	389,313
Profit sharing and retirement funds	717,800	836,920	1,203,564	1,736,303	764,976	1,030,077
Total costs and expenses	156,181,261	172,747,425	195,539,186	223,156,454	70,699,010	78,017,614
Operating income	7,966,891	9,209,282	10,400,219	11,656,518	2,143,292	2,421,207
Other income	525,080	358,341	389,199	365,413	78,737	90,070
Company's share of net loss — Southgate Shopping Centre Limited	—	—	—	—	—	(2,077)
Earnings before provision for income taxes	8,491,971	9,567,623	10,789,418	12,021,931	2,222,029	2,509,200
Provision for income taxes	4,017,797	4,592,567	5,365,875	6,026,385	1,142,000	1,311,000
Earnings before extraordinary items	4,474,174	4,975,056	5,423,543	5,995,546	1,080,029	1,198,200
Extraordinary gains—on disposal of certain land (Note 2)	—	—	—	—	—	—
—on sale of certain securities	—	—	—	—	—	—
Net earnings	\$ 4,474,174	\$ 4,975,056	\$ 5,423,543	\$ 5,995,546	\$ 1,080,029	\$ 1,198,200

Consolidated Statement of Retained Earnings

	Fiscal year ended January 31				Four months ended May 31	
	1965	1966	1967	1968	1968	1969
					(unaudited)	(unaudited)
Balance at beginning of period	\$ 24,685,708	\$ 26,917,521	\$ 29,640,466	\$ 32,655,838	\$ 36,055,540	\$ 41,286,342
Net earnings	4,474,174	4,975,056	5,423,543	5,995,546	1,080,029	1,198,200
Discount earned on redemption of debentures	8,528	11,173	17,249	31,565	13,330	17,445
	29,168,410	31,903,750	35,081,258	38,682,949	37,148,899	42,501,987
Cash dividends—Class A shares	1,622,044	1,634,439	1,751,657	1,899,746	1,219,590	1,408,344
Share dividends—Class B shares (including taxes related thereto)	628,845	628,845	673,763	727,663	467,141	537,885
	2,250,889	2,263,284	2,425,420	2,627,409	1,686,731	1,946,229
Balance at end of period	\$ 26,917,521	\$ 29,640,466	\$ 32,655,838	\$ 36,055,540	\$ 35,462,168	\$ 40,555,758

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Consolidated Statement of Source and Application of Funds

	Fiscal year ended January 31					Four months ended May 31	
	1965	1966	1967	1968	1969	1968	1969
						(unaudited)	(unaudited)
Funds Provided:							
Net earnings	\$ 4,474,174	\$ 4,975,056	\$ 5,423,543	\$ 5,995,546	\$ 8,174,541	\$ 1,080,029	\$ 1,198,200
Depreciation	1,597,969	1,888,809	2,321,583	2,682,705	2,953,497	972,742	949,463
Provision for deferred income taxes	282,500	445,500	422,500	75,000	30,000	10,000	5,000
Deferred charges absorbed	9,407	89,167	184,171	449,103	121,437	4,200	4,200
Total funds provided from operations	6,364,050	7,398,532	8,351,797	9,202,354	11,279,475	2,066,971	2,156,863
Proceeds from issue of share capital	1,830,686	—	—	—	—	—	—
Proceeds from issue of debentures	—	9,750,000	—	—	—	—	—
Disposal of investments, fixed assets and other assets - net	56,163	30,901	126,596	329,146	779,808	24,813	23,823
Special refundable tax	—	—	—	—	337,656	—	60,058
Total funds provided	8,250,899	17,179,433	8,478,393	9,531,500	12,396,939	2,091,784	2,240,744
Funds Applied:							
Additions to fixed assets	6,331,100	9,353,025	6,590,478	1,944,906	3,314,004	607,895	852,051
Reduction in funded indebtedness	767,000	787,000	725,000	1,323,000	1,553,000	753,000	700,000
Dividends (including redemption of share dividends)	2,098,184	2,167,844	2,387,240	2,543,409	2,854,948	1,525,020	1,832,649
Investments in and advances to associated companies	—	—	408,000	(95,650)	9,200	—	—
Increase in equity in Southgate Shopping Centre Limited	—	—	—	—	369,684	—	267,923
Special refundable tax	—	—	283,747	113,967	—	5,847	—
Deferred charges paid	81,290	191,171	374,067	—	—	—	—
Total funds applied	9,277,574	12,499,040	10,768,532	5,829,632	8,100,836	2,891,762	3,652,623
Resulting in an increase (decrease) in working capital of	(1,026,675)	4,680,393	(2,290,139)	3,701,868	4,296,103	(799,978)	(1,411,879)
Working capital at beginning of period	32,521,548	31,494,873	36,175,266	33,885,127	37,586,995	37,586,995	41,883,098
Working capital at end of period	\$31,494,873	\$36,175,266	\$33,885,127	\$37,586,995	\$41,883,098	\$36,787,017	\$40,471,219

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Notes to the Consolidated Financial Statements

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include all subsidiaries. The Company owns 60% of the outstanding shares of Southgate Shopping Centre Limited (Southgate), and the balance of the shares are held by Hudson's Bay Company. Under the terms of a joint venture agreement between the Company and Hudson's Bay Company, all major decisions require joint approval. Accordingly, the Company does not have effective control over Southgate and, therefore the Company's equity in Southgate is shown on the Consolidated Balance Sheet of the Company at January 31, 1969 and May 31, 1969, and the Company's share of net losses is shown on the Consolidated Statement of Earnings for the periods then ended.

2. SOUTHGATE SHOPPING CENTRE LIMITED:

During the year ended January 31, 1969, a wholly-owned subsidiary sold a parcel of land to Southgate Shopping Centre Limited for \$2,391,600, being \$1,997,145 in excess of recorded net cost, receiving in consideration cash in amount of \$956,640 and the balance of \$1,434,960 included as part of a note receivable amounting to \$1,575,000. In the consolidated financial statements, the Company's equity in Southgate was reduced by \$1,198,287 representing the Woodward group 60% share of the \$1,997,145 in excess of recorded net cost on disposal of land by the wholly owned subsidiary. The remaining 40% in the amount of \$798,858 is reflected in the consolidated statement of earnings as an extraordinary item. The Company's equity value in Southgate is as follows:

	January 31 1969	May 31 1969 (unaudited)
Capital and long term debt of Southgate:		
Notes and advances	\$2,625,000	\$3,075,000
Share capital outstanding	50	50
	2,625,050	3,075,050
Deficit	11,765	15,227
	2,613,285	3,059,823
Minority interest — 40%	1,045,314	1,223,929
Company's interest — 60%	1,567,971	1,835,894
Less reduction explained above	1,198,287	1,198,287
Company's equity	<u>\$ 369,684</u>	<u>\$ 637,607</u>
Balance sheet presentation:		
Southgate Shopping Centre Limited	\$1,414,998	1,861,536
Minority interest in Southgate Shopping Centre Limited	1,045,314	1,223,929
Company's equity as above	<u>\$ 369,684</u>	<u>637,607</u>

3. VALUATION OF FIXED ASSETS:

Fixed assets are stated at cost except for assets of a net depreciated book value of \$6,569,258 at January 31, 1969, and \$6,489,116 at May 31, 1969, included at appraised values as at January 21, 1952, as reported by General Appraisal Company Limited. Accumulated depreciation includes \$2,047,025 at January 31, 1969 and \$2,087,167 at May 31, 1969 which has been transferred from the surplus resulting from this restatement of fixed assets.

4. FUNDED INDEBTEDNESS:

	Maturity	January 31, 1969	May 31, 1969 (unaudited)
4½% First Mortgage Sinking Fund Bonds Series B with annual sinking fund requirements of \$560,000	April 1, 1975	\$ 4,000,000	\$ 3,440,000
5% Sinking Fund Debentures 1957 Series	Jan. 15, 1977	50,000	50,000
5% Sinking Fund Debentures 1958 Series with annual sinking fund requirements of \$200,000	May 15, 1978	2,680,000	2,649,000
6½% Debentures Series A, Woodward Acceptance Company Limited	Dec. 15, 1980	5,000,000	5,000,000
5¾% Sinking Fund Debentures 1965 Series with annual sinking fund requirements of \$400,000 to 1977 and \$500,000 thereafter	June 15, 1985	8,751,000	8,691,000
		20,481,000	19,830,000
Less instalments due within one year shown as current liabilities		560,000	609,000
		<u>\$19,921,000</u>	<u>\$19,221,000</u>

The Trust Indentures, pursuant to which the First Mortgage Bonds and the Debentures of the Company have been issued, contain certain restrictive covenants concerning payment of dividends. At January 31, 1969 and May 31, 1969, the consolidated net current assets were approximately \$21,500,000 and \$20,500,000 respectively in excess of the requirement under the most restrictive of such covenants, and the consolidated retained earnings free of restrictions were approximately \$20,000,000 both at January 31, 1969 and May 31, 1969.

5. SHARE CAPITAL:

(a) Alterations of share capital:

(i) On April 30, 1968, the shareholders approved a special resolution to the effect that each Class B share may, at the option of the holder, be exchanged for a Class A share. Accordingly, there must always be a sufficient number of unissued Class A shares to provide for the exchange of the outstanding Class B shares. Any Class B shares surrendered in exchange may be reissued.

(ii) On July 4, 1969, the shareholders approved a special resolution increasing the number of Class A shares the Company is authorized to issue from 7,003,300 Class A shares without nominal or par value to 8,503,300 Class A shares without nominal or par value.

(b) Shares issued for non-cash consideration:

During the five years ended January 31, 1969, 592,426 Preference Shares having a par value of \$2,962,130 were issued as share dividends, and 13,065 Class A shares were issued in consideration of the conversion of Debentures 1957 Series (four months ended May 31, 1969, 91,438 Preference Shares having a par value of \$457,190 were issued as share dividends). During the five years ended January 31, 1969, 3,750 Class B shares were surrendered and exchanged for 3,750 Class A shares (none during the four months ended May 31, 1969).

6. CONTRIBUTED SURPLUS:

	Year ended January 31		
	1965	1966	1967
Balance at beginning of period	\$3,235,816	\$4,486,892	\$4,496,202
Add:			
Premium arising from allotment of Class A shares:			
Conversion of Debentures 1957 Series	20,615	9,310	99,751
Exercise of share purchase warrant rights	1,230,461	—	—
Balance at end of period	\$4,486,892	\$4,496,202	\$4,595,953

There was no change in Contributed Surplus during the period January 31, 1967 to May 31, 1969.

7. SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS:

Excess resulting from revaluation of fixed assets referred to in Note 3 less amounts transferred to accumulated depreciation to January 31, 1964	\$5,086,946
Net excess of cost of acquiring shares in subsidiaries over book value of net assets at dates of acquisition	2,237,372
Balance at January 31, 1964	2,849,574
Amounts transferred to accumulated depreciation in the five years ended January 31, 1969 (\$120,413 in each year)	602,065
Balance at January 31, 1969	2,247,509
Amount transferred to accumulated depreciation in the four months ended May 31, 1969	40,142
Balance at May 31, 1969	\$2,207,367

8. CONTINGENT LIABILITIES AND COMMITMENTS:

(a) As at January 31, 1969 and May 31, 1969, two mortgages totalling \$300,000 on a portion of the Vancouver land and buildings had been given as security for payment of rentals on leased property.

(b) There were six major leasehold interests in shopping centres and one warehouse on which the aggregate minimum annual rentals were approximately \$2,000,000 (exclusive of taxes and other expenses payable by the lessee) as at January 31, 1969 and May 31, 1969. Except for the warehouse, each lease contains a sales percentage rental clause. Taking into account renewal clauses, contained in every lease, the earliest expiry date at January 31, 1969 was 1991, and at May 31, 1969 was 1995. Lease rentals charged against income during the year ended January 31, 1969 were approximately \$2,500,000.

(c) On March 26, 1969 Southgate Shopping Centre Limited signed an agreement for construction of a building and facilities for the sum of \$10,467,048.

(d) The estimated unfunded liability with respect to the employees' pension plan as at January 31, 1969 was \$8,494,000 which will be amortized and absorbed against income over 21 years. The total pension expense charged against income in respect of the employees' pension plan for the year ended January 31, 1969 amounted to \$1,227,000 (four months ended May 31, 1969 \$615,000).

9. INTEREST COVERAGE:

Consolidated earnings available for payment of interest on long term debt of the Company and its subsidiaries after deducting provision for income taxes of subsidiaries were as follows:

Fiscal year ended January 31

1965	\$5,288,117
1966	6,147,910
1967	6,759,787
1968	7,251,957
1969 (excluding extraordinary gains)	7,910,894

10. CONVERTIBLE DEBENTURES:

The Company has entered into an agreement dated _____ for the sale of \$15,000,000 principal amount of % Convertible Debentures 1969 Series due September 1, 1989 for \$ _____. Expenses in connection with this issue are estimated at \$ _____. The Convertible Debentures will be convertible at the holders' option at any time up to September 1, 1979 or, if called for redemption, on the last business day preceding the date specified for redemption, whichever is earlier, into _____ Class A shares for each \$1,000 principal amount of Convertible Debentures.

Purchaser's Statutory Rights of Withdrawal and Rescission

Sections 63 and 64 of The Securities Act, 1967 (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1968 (Manitoba), and sections 63 and 64 of The Securities Act, 1966 (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Section 61 and 62 of the Securities Act, 1967 (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Dated: , 1969

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick).

(Signed) C. N. WOODWARD
Chairman of the Board

(Signed) W. G. SKINNER
Vice-President and Secretary

On behalf of the Board of Directors

(Signed) GEO. D. GLANVILLE
Director

(Signed) T. R. FARRELL
Director

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of the Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick).

WOOD GUNDY SECURITIES LIMITED

By: (Signed) J. M. G. SCOTT

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey, J. R. LeMesurier, C. E. Medland and J. N. Abell.

Woodward's ANNUAL REPORT 1969

FOR THE FISCAL YEAR ENDING JANUARY 31, 1970



SOUTHGATE SHOPPING CENTRE
EDMONTON, ALBERTA

SOUTHGATE SHOPPING CENTRE

EDMONTON, ALBERTA
OPENING AUGUST 1970



This new Shopping Centre, in its entirety, has been designed to bring the utmost in shopping convenience to the people of Edmonton. The centre will be owned by Woodward's (60%) and the Hudson's Bay Company (40%).

This major Centre occupies approximately 40 acres, containing two major department stores — Woodward's and the Hudson's Bay Company, also 45 other retail stores and service establishments.

Structurally the Shopping Centre is reinforced concrete. Finishing materials have been chosen for eye-appeal and practicality, with an interesting blend of brick and pre-cast concrete panels. Also particular attention has been given to lighting. Shoppers will find every section of the Centre well illuminated.

An attractive ceiling covers the spacious malls which are fully enclosed and completely air-conditioned. Featured in the malls are three artistically sculptured fountains — the one below is featured in the central mall.



Woodward's Department Store has three floors, a total of 261,000 sq. ft., well planned for easy shopping. Also the 52,000 sq. ft. Woodward's Famous Food Floor will offer unexcelled variety to the customer.

The Department Store, Budget Floor, and Food Floor will be serviced by six fully enclosed receiving and delivery bays. This area will accommodate the largest trailer trucks.

The convenient parking lot will accommodate 3,500 cars and customers' cars can be serviced while they shop in the functional, well-planned 11,000 sq. ft. Woodward's AUTO centre illustrated below.



WOODWARD STORES LIMITED *and subsidiary companies*

HIGHLIGHTS OF THE YEAR

FOR THE YEAR ENDED JANUARY 31st

	1970	1969	% Increase
Sales including service charges	\$281,221,930	\$257,703,431	9.13
Net income, excluding extraordinary income items and after income taxes	\$ 7,386,001	\$ 6,721,890	9.88
Net earnings per share excluding extraordinary income items	\$1.14	\$1.04	9.62
Dividends paid	\$ 3,373,464	\$ 2,984,218	13.04
Dividends per Class A share	\$.52	\$.46	13.04

AT JANUARY 31st

Working capital	\$ 51,552,135	\$ 41,883,098	23.09
Shareholders' equity	\$ 69,855,149	\$ 65,668,829	6.36
Equity of each no par value share	\$10.54	\$9.92	6.25

DIRECTORS' REPORT TO THE SHAREHOLDERS

Operations and Expansion

The highlights of the year, immediately above this report, show your Company has continued to achieve advances in sales and earnings and has increased in strength through increases in total assets and in shareholders' equity.

The expansion of the Park Royal shopping centre in West Vancouver, B.C. by the owners was completed in this year and we now occupy 53,000 more square feet of space than previously. The total area rented is 205,000 square feet. However, this additional space was not made available to us until quite late in the year and departmental changes are still being made at this date.

Information with respect to Southgate Shopping Centre Limited in which your Company has a 60% interest and with respect to the department store, food store and related services which we will operate in the centre is given on the front cover flap. At January 31, 1970, our investment in the centre is recorded at \$3,996,032 (see Note 2 to the Consolidated Financial Statements). It is estimated that a further \$3,500,000 will be required from us before construction is complete. Fixtures, equipment and the initial merchandise stock for our stores in the centre will cost approximately \$5,000,000. At January 31, 1970 our marketable securities include short term securities totalling \$6,000,000.

The developers of the shopping centre in north Calgary, Alberta, are continuing their activities and construction has started with a view to completion and opening in the fall of 1971. Your Company will be a major tenant with department store, food store and service station operations. Design of the premises we will occupy as well as of the centre is now complete.

Your Company's interest in the two Project 200 companies is referred to on the inside of the front cover flap. Information as to their activities is also given. At January 31, 1970 our investment in these associated companies was \$815,530.

Financing

During the year just ended, your Company issued \$10,000,000 of 6¾% Convertible Sinking Fund Debentures. (See Note 4 to the Consolidated Financial Statements). The net proceeds of \$9,800,000 were added to general funds. Of this sum, \$6,000,000 remains on hand (as previously referred to) in short term securities. These 6¾% Convertible Debentures are dated Septem-

ber 1, 1969 and mature 20 years later. They are convertible for 10 years into Class A shares of no par value at a conversion rate of 50 Class A shares per \$1,000 principal amount of debentures, being equivalent to a conversion price of \$20 per Class A share.

No additional financing is being considered by your Company at this time. You will have noted in this report, however, that the Southgate Shopping Centre Limited is being financed by its shareholders who hold relative equities (and advance funds accordingly) of 60% and 40%, being Woodward's and Hudson's Bay Company respectively. After this centre has been completed and is in operation and at a time when market conditions are more advantageous, we hope that long-term financing can be arranged. Shareholders' advances will then be repaid.

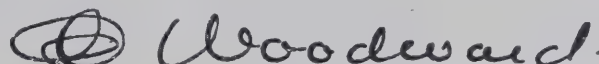
At the last annual general meeting you approved a special resolution increasing the authorized capital of the Company by the creation of 1,500,000 Class C non-voting shares of a par value of \$2.50 each. None of the shares so authorized were ever issued. At an extraordinary general meeting held on July 4, 1969 you repealed such special resolution and then approved another which increased the authorized Class A share capital by 1,500,000 shares. These are shares of no par value. This increase in authorized Class A shares provided sufficient of such shares to permit full conversion of the convertible debentures previously referred to if that event should come to pass.

As in the past, dividends have been increased as profits realized have increased.

The efforts of our staff in serving our customers, both on the selling floors and in the service areas, are greatly appreciated. Without their willingness to help, we would not have the opportunity to also thank our many satisfied customers.

Respectfully submitted,

March 26, 1970.

 Woodward.

Chairman of the Board.



WOODWARD STORES LIMITED *and subsidiary companies*

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED JANUARY 31, 1970
(with 1969 figures for comparison)

	1970	1969
OPERATING REVENUE:		
Sales including service charges	\$281,221,930	\$257,703,431
Rental revenue — gross	1,217,384	1,139,319
Total operating revenue	<u>282,439,314</u>	<u>258,842,750</u>
COSTS AND EXPENSES:		
Cost of merchandise sold and all other expenses except those listed hereunder	211,177,691	194,019,525
Wages, salaries, commissions and bonuses	49,272,934	44,343,314
Depreciation	2,664,417	2,953,497
Interest on funded debt	1,394,497	1,183,004
Payments to profit sharing and retirement funds	3,368,432	2,904,771
Total costs and expenses	<u>267,877,971</u>	<u>245,404,111</u>
OPERATING INCOME	14,561,343	13,438,639
OTHER INCOME	614,610	398,382
SOUTHGATE SHOPPING CENTRE LIMITED — SHARE OF NET LOSS	<u>(48,652)</u>	<u>(7,059)</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	15,127,301	13,829,962
PROVISION FOR INCOME TAXES	<u>7,741,300</u>	<u>7,108,072</u>
INCOME BEFORE EXTRAORDINARY ITEMS	<u>7,386,001</u>	<u>6,721,890</u>
EXTRAORDINARY ITEMS:		
Gain on disposal of a warehouse	66,816	—
Gain on disposal of certain land (Note 2)	—	798,858
Gain on sale of certain marketable securities	—	653,793
Total extraordinary items	<u>66,816</u>	<u>1,452,651</u>
NET INCOME FOR THE YEAR	<u>\$ 7,452,817</u>	<u>\$ 8,174,541</u>

The accompanying notes are an integral part of the financial statements

WOODWARD STORES LIMITED and subsidiary companies

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED JANUARY 31, 1970
(with 1969 figures for comparison)

	1970	1969
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR	\$ 41,286,342	\$ 36,055,540
ADD:		
Net income for the year	7,452,817	8,174,541
Discount earned on redemption of debentures	53,445	40,479
	<u>48,792,604</u>	<u>44,270,560</u>
DEDUCT:		
Cash dividends — Class A shares	2,441,130	2,158,336
Share dividends — Class B shares (including taxes related thereto 1970 — \$139,850; 1969 — \$123,882)	932,334	825,882
	<u>3,373,464</u>	<u>2,984,218</u>
RETAINED EARNINGS AT THE END OF THE YEAR	<u>\$ 45,419,140</u>	<u>\$ 41,286,342</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED JANUARY 31, 1970
(with 1969 figures for comparison)

	1970	1969
FUNDS PROVIDED:		
Net income for the year	\$ 7,452,817	\$ 8,174,541
Depreciation	2,664,417	2,953,497
Provision for deferred income taxes	125,000	30,000
Deferred charges absorbed	134,250	121,437
Total funds provided from operations	<u>10,376,484</u>	<u>11,279,475</u>
Disposal of investments and fixed assets — net book value	517,158	571,562
Special refundable tax	60,058	337,656
Issue of convertible sinking fund debentures 1969 series (net of discount)	9,800,000	—
Proceeds from disposal of other assets	—	208,246
Total funds provided	<u>20,753,700</u>	<u>12,396,939</u>
FUNDS APPLIED:		
Additions to fixed assets	2,614,806	3,314,004
Reduction in funded indebtedness	1,150,000	1,553,000
Dividends (including redemption of share dividends)	3,199,529	2,854,948
Investments in and advances to associated companies	493,980	9,200
Increase in equity in Southgate Shopping Centre Limited	3,626,348	369,684
Total funds applied	<u>11,084,663</u>	<u>8,100,836</u>
INCREASE IN WORKING CAPITAL FOR THE YEAR	9,669,037	4,296,103
WORKING CAPITAL AT BEGINNING OF THE YEAR	41,883,098	37,586,995
WORKING CAPITAL AT END OF THE YEAR	<u>\$ 51,552,135</u>	<u>\$ 41,883,098</u>

The accompanying notes are an integral part of the financial statements



WOODWARD STORES LIMITED and subsidiary companies

(Incorporated under the Companies Act, British Columbia)

ASSETS

	1970	1969
CURRENT ASSETS:		
Cash	\$ 3,348,899	\$ 3,204,246
Marketable securities — at cost (market value 1970 — \$10,066,166; 1969 — \$4,888,052)	7,438,354	1,891,547
Accounts receivable, less allowance for doubtful accounts	26,253,089	25,633,806
Merchandise inventories, valued at lower cost or market	34,958,835	35,817,171
Prepaid expenses	468,840	579,200
Total current assets	72,468,017	67,125,970
SOUTHGATE SHOPPING CENTRE LIMITED (Note 2)	7,458,911	1,414,998
FIXED ASSETS (Note 3):		
Buildings and improvements	38,586,448	38,926,487
Fixtures and equipment	24,324,636	22,932,870
	62,911,084	61,859,357
Less accumulated depreciation	27,075,655	25,231,165
	35,835,429	36,628,192
Land	8,200,508	8,094,927
Net fixed assets	44,035,937	44,723,119
OTHER ASSETS — at cost:		
Investments in and advances to associated companies	815,530	321,550
Unamortized debenture expense	195,833	83,170
Mortgages and deferred charges	55,682	49,150
Special refundable tax	—	60,058
Total other assets	1,067,045	513,928
APPROVED BY THE BOARD:		
C. N. WOODWARD, <i>Director</i>		
W. G. SKINNER, <i>Director</i>		
TOTAL	<u>\$125,029,910</u>	<u>\$113,778,015</u>

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1970

(with 1969 figures for comparison)

LIABILITIES

	1970	1969
CURRENT LIABILITIES:		
Bank indebtedness	\$ 3,991,805	\$ 4,859,763
Accounts payable and accrued liabilities	15,585,972	17,644,309
Funded debt due within one year (Note 4)	560,000	560,000
Incomes taxes payable	778,105	2,178,800
Total current liabilities	20,915,882	25,242,872
FUNDED INDEBTEDNESS (Note 4)	28,771,000	19,921,000
DEFERRED INCOME TAXES (Note 5)	2,025,000	1,900,000
MINORITY INTEREST IN SOUTHGATE SHOPPING CENTRE LIMITED (Note 2)	3,462,879	1,045,314
Total liabilities	55,174,761	48,109,186

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 6):		
Authorized:		
600,000 4½ % non-cumulative preference shares, par value \$5 each, redeemable at par		
8,503,300 Class A shares, no par value		
1,796,700 Class B shares, no par value		
Issued and fully paid:		
298,877 Preference shares (1969 — 264,090 shares)	1,494,385	1,320,450
4,694,480 Class A shares	11,736,200	11,736,200
1,792,950 Class B shares	4,482,375	4,482,375
CONTRIBUTED SURPLUS (no transactions during the year)	4,595,953	4,595,953
SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS (Note 7)	2,127,096	2,247,509
RETAINED EARNINGS	45,419,140	41,286,342
Total shareholders' equity	69,855,149	65,668,829
TOTAL	<u>\$125,029,910</u>	<u>\$113,778,015</u>

The accompanying notes are an integral part of the financial statements

WOODWARD STORES LIMITED and subsidiary companies

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the company and all wholly-owned subsidiaries. The company owns 60% of the outstanding shares of Southgate Shopping Centre Limited, and the balance of the shares are held by Hudson's Bay Company. Under the terms of a joint venture agreement between the company and Hudson's Bay Company, all major decisions require joint approval. Accordingly, the company does not have effective control over Southgate Shopping Centre Limited and, therefore the company's equity in Southgate is shown on the consolidated balance sheet of the company at January 31, 1970, and the company's share of net loss is shown on the consolidated statement of income for the year then ended. The consolidated financial statements in respect of the year ended January 31, 1969 have been restated to include Southgate on a comparable basis.

2. SOUTHGATE SHOPPING CENTRE LIMITED:

During the year ended January 31, 1969, a wholly-owned subsidiary sold a parcel of land to Southgate Shopping Centre Limited for \$2,391,600, being \$1,997,145 in excess of recorded net cost, receiving in consideration cash in amount of \$956,640 and the balance of \$1,434,960 included as part of a note receivable amounting to \$1,575,000. In the consolidated financial statements, the Company's equity in Southgate was reduced by \$1,198,287 representing the Woodward group 60% share of the \$1,997,145 in excess of recorded net cost on disposal of land by the wholly-owned subsidiary. The remaining 40% in the amount of \$798,858 is reflected in the consolidated statement of income for the year ended January 31, 1969 as an extraordinary item. The Company's equity value in Southgate is as follows:

	January 31	
	1970	1969
Capital and long term debt of Southgate:		
Notes and advances	\$8,750,000	\$2,625,000
Share capital outstanding	50	50
	<u>8,750,050</u>	<u>2,625,050</u>
Deficit	92,852	11,765
	<u>8,657,198</u>	<u>2,613,285</u>
Minority interest — 40%	3,462,879	1,045,314
Company's interest — 60%	5,194,319	1,567,971
Less reduction explained above	1,198,287	1,198,287
Company's equity	<u>\$3,996,032</u>	<u>\$ 369,684</u>
Balance sheet presentation:		
Southgate Shopping Centre Limited	\$7,458,911	\$1,414,998
Minority interest in Southgate Shopping Centre Limited	3,462,879	1,045,314
Company's equity as above	<u>\$3,996,032</u>	<u>\$ 369,684</u>

3. VALUATION OF FIXED ASSETS:

Fixed assets are stated at cost except for assets of a net depreciated book value of \$6,345,080 at January 31, 1970, included at appraised values as at January 21, 1952, as reported by General Appraisal Company Limited. Accumulated depreciation includes \$2,167,438 which has been transferred from the surplus resulting from this restatement of fixed assets.

4. FUNDED INDEBTEDNESS:

		January 31	
	Maturity	1970	1969
4½ % First Mortgage Sinking Fund Bonds Series B with annual sinking fund requirements of \$560,000	April 1, 1975	\$3,440,000	\$4,000,000
5% Sinking Fund Debentures 1957 Series	Jan. 15, 1977	49,000	50,000
5% Sinking Fund Debentures 1958 Series with annual sinking fund requirements of \$200,000	May 15, 1978	2,523,000	2,680,000
6½ % Debentures Series A, Woodward Acceptance Company Limited	Dec. 15, 1980	5,000,000	5,000,000
5¾ % Sinking Fund Debentures 1965 Series with annual sinking fund requirements of \$400,000 to 1977 and \$500,000 thereafter	June 15, 1985	8,319,000	8,751,000
6¾ % Convertible Debentures 1969 Series with annual sinking fund requirements of sums sufficient to retire on September 1, in each of the years 1980 to 1988 inclusive, 5% of the principal amount outstanding on September 1, 1979	Sept. 1, 1989	10,000,000	—
		<u>29,331,000</u>	<u>20,481,000</u>
Less instalments due within one year shown as current liabilities		560,000	560,000
		<u>\$28,771,000</u>	<u>\$19,921,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, JANUARY 31, 1970

The Trust Indentures, pursuant to which the First Mortgage Bonds and the Debentures of the Company have been issued, contain certain restrictive covenants concerning the payment of dividends. At January 31, 1970 the consolidated net current assets were approximately \$31,000,000 in excess of the requirement under the most restrictive of such covenants, and the consolidated retained earnings free of restrictions were approximately \$21,000,000.

5. DEFERRED INCOME TAXES:

The Company and its subsidiaries have recorded deferred income taxes with respect to capital cost allowances claimed for tax purposes in excess of depreciation recorded in the books. In respect of allowances for doubtful accounts, the opposite situation exists in that the allowances accumulated in the books materially exceed the amounts allowed for income tax purposes. The Company and its subsidiaries have made no adjustment of the deferred income tax liability with respect thereto. Such an adjustment would reduce the deferred income tax liability and increase retained earnings by approximately \$500,000 to January 31, 1970, of which \$80,000 and \$30,000 would have increased the net income of the years ended January 31, 1969 and 1970 respectively.

6. SHARE CAPITAL:

(a) Alterations of share capital:

On July 4, 1969, the shareholders approved a special resolution increasing the number of Class A shares the Company is authorized to issue from 7,003,300 Class A shares without nominal or par value to 8,503,300 Class A shares without nominal or par value.

(b) Changes in share capital during year:

158,487 preference shares, par value \$792,435 were issued as a share dividend; 123,700 preference shares were redeemed at par, \$618,500.

(c) 500,000 Class A shares are reserved to meet in full the conversion rights of the holders of the 6¾ % Convertible Sinking Fund Debentures 1969 series.

7. SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS:

Excess resulting from revaluation of fixed assets referred to in Note 3 less amounts transferred to accumulated depreciation (amount transferred during year ended January 31, 1970 — \$120,413) \$4,364,468

Net excess of cost of acquiring shares in subsidiaries over book value of net assets at dates of acquisition	2,237,372
	<u>\$2,127,096</u>

8. STATUTORY INFORMATION:

The total remuneration received as a director, officer or employee of the Company and its subsidiaries by those who were directors of the Company during the year ended January 31, 1970 was \$735,821.

9. CONTINGENT LIABILITIES AND COMMITMENTS:

(a) There are six major leasehold interests in shopping centres and one warehouse on which the aggregate minimum annual rentals are approximately \$2,000,000 (exclusive of taxes and other expenses payable by the lessee). Except for the warehouse, each lease has a percent-of-sales clause. Taking into account renewal clauses, contained in every lease, the earliest expiry date is the year 2000.

(b) The estimated unfunded liability with respect to the employees' pension plan is \$7,828,000 which will be amortized and absorbed against income over 20 years. The total pension expense charged against income in respect of the employees' pension plan for the year amounted to \$1,540,000.

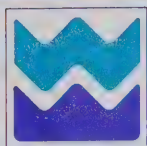
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Woodward Stores Limited and its subsidiary companies as at January 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As to one subsidiary, Southgate Shopping Centre Limited, we have relied on the report of other chartered accountants on their examination of the financial statements of that subsidiary for the year ended January 31, 1970.

In our opinion, based on our examination and the report of other chartered accountants referred to above, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia.
March 25, 1970

DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants



COMPARATIVE RECORD

Years Ended January 31

	1970	1969	1968
<i>Net Sales, Including Service Charges</i>	\$281,221,930	\$257,703,431	\$233,704,646
<i>Wages, Salaries, Commissions and Bonuses</i>	49,272,934	44,343,314	39,691,653
<i>Provision for Depreciation Charged to Operations</i>	2,664,417	2,953,497	2,682,705
<i>Interest on Funded Debt</i>	1,394,497	1,183,004	1,250,282
<i>Payments to Profit Sharing and Retirement Funds</i>	3,368,432	2,904,771	1,854,003
<i>Provision for Income Taxes</i>	7,741,300	7,108,072	6,026,385
<i>Net Income (*Excluding Extraordinary Items of Income)</i>	* 7,368,001	*6,721,890	5,995,546
<i>Net Earnings per Share Excluding Extraordinary Items</i>	\$ 1.14	\$ 1.04	\$.92
<i>Dividends per Class A Share</i>	.52	.46	.40½
<i>Working Capital (Current Assets less Current Liabilities)</i>	\$ 51,552,135	\$ 41,883,098	\$ 37,586,995
<i>Ratio of Current Assets to Current Liabilities</i>	3.46	2.66	2.51
<i>Fixed Assets less Depreciation Provided</i>	\$ 44,035,937	\$ 44,723,119	\$ 45,093,704
<i>Total Assets</i>	125,029,910	113,778,015	108,540,681
<i>Funded and Similar Indebtedness</i>	28,771,000	19,921,000	21,474,000
<i>Shareholders Equity</i>	\$ 69,855,149	\$ 65,668,829	\$ 60,429,170
<i>Preference Shares Outstanding</i>	1,494,385	1,320,450	1,191,180
<i>Equity of Voting Shares</i>	68,360,764	64,348,379	59,237,990
<i>Equity of Each No Par Value Share</i>	10.54	9.92	9.13

WOODWARD STORES LIMITED *and subsidiary companies*

1967	1966	1965	1964	1963	1962	1961
\$204,963,060	\$181,162,210	\$163,510,197	\$146,820,035	\$137,043,587	\$128,641,218	\$122,456,634
34,473,999	30,069,198	26,890,940	24,065,565	22,455,447	21,802,630	20,852,386
2,321,583	1,888,809	1,597,969	1,380,432	1,293,724	1,275,966	1,199,545
1,325,250	1,167,650	810,451	889,757	935,699	971,765	950,402
1,203,564	836,920	717,800	831,107	885,558	491,341	507,834
5,365,875	4,592,567	4,017,797	3,905,502	3,514,735	2,995,138	3,208,646
5,423,543	4,975,056	4,474,174	4,215,661	3,796,555	3,126,015	3,200,223
\$.84	\$.77	\$.69	\$.68	\$.63	\$.52	\$.53
.37½	.35	.35	.30	.25	.20	.20
\$ 33,885,127	\$ 36,175,266	\$ 31,494,873	\$ 32,521,548	\$ 33,963,925	\$ 30,317,855	\$ 30,504,009
2.41	2.97	2.86	3.31	3.70	3.80	3.95
\$ 45,978,259	\$ 41,956,373	\$ 34,643,471	\$ 30,306,438	\$ 26,958,330	\$ 27,770,576	\$ 27,952,615
105,676,538	97,377,276	83,602,840	77,156,609	73,852,932	70,331,957	68,947,171
22,797,000	23,672,000	14,473,000	15,271,000	16,967,000	17,874,485	18,882,686
\$ 57,065,881	\$ 53,982,741	\$ 51,270,771	\$ 47,144,980	\$ 43,697,077	\$ 41,179,773	\$ 39,570,275
1,107,180	1,069,000	973,560	820,855	641,410	595,600	—
55,958,701	52,913,741	50,297,211	46,324,125	43,055,667	40,584,173	39,570,275
8.63	8.18	7.78	7.45	7.12	6.71	6.41

THE WONDERFUL WORLD OF Woodward's



Western Canada's Favourite Shopping Centres

1892	DOWNTOWN STORE <i>Vancouver, B.C.</i>	1955	WESTMOUNT CENTRE <i>Edmonton, Alberta</i>	1965	NORTHGATE CENTRE <i>Edmonton, Alberta</i>
1926	DOWNTOWN STORE <i>Edmonton, Alberta</i>	1959	OAKRIDGE CENTRE <i>Vancouver, B.C.</i>	1966	GUILDFORD CENTRE <i>Surrey, B.C.</i>
1948	PORT ALBERNI STORE <i>Vancouver Island, B.C.</i>	1960	CHINOOK CENTRE <i>Calgary, Alberta</i>	1966	PARKWOOD CENTRE <i>Prince George, B.C.</i>
1950	PARK ROYAL CENTRE <i>West Vancouver, B.C.</i>	1963	MAYFAIR CENTRE <i>Victoria, B.C.</i>	1970	SOUTHGATE CENTRE <i>Edmonton, Alberta</i>
1954	NEW WESTMINSTER STORE <i>New Westminster, B.C.</i>	1964	KAMLOOPS STORE <i>Kamloops, B.C.</i>		

The Company

Woodward Stores Limited (the "Company") was incorporated under the laws of the Province of British Columbia on April 25, 1947 under the name Woodward Stores (1947) Limited by Memorandum of Association confirmed by Certificate of the Registrar of Companies. The Memorandum and Articles of Association of the Company have been amended from time to time to change its name on April 27, 1964 to Woodward Stores Limited and to reorganize the Company's authorized capital and to extend the powers of the Company and its Directors to manage such capital. For the purpose of this issue the Company passed a special resolution on July 4, 1969, confirmed by Certificate of the Registrar of Companies dated July 4, 1969, which increased the number of Class A shares the Company is authorized to issue from 7,003,300 Class A shares to 8,503,300 Class A shares.

The Company operates department stores and shopping centres in British Columbia and Alberta through subsidiary companies. The Company also operates large food markets in association with each of its stores. Through its subsidiary, Woodward Acceptance Company Limited, the Company finances customers' instalment purchases. In this prospectus, unless the context otherwise requires, the term "Woodward's" refers to Woodward Stores Limited and its subsidiary companies.

The address of the head office and principal office of the Company is 101 West Hastings Street, Vancouver, British Columbia.

	Capitalization			
	Authorized and to be authorized	Outstanding as at May 31, 1969	Outstanding as at June 30, 1969	To be outstanding after giving effect to this financing
INDEBTEDNESS:				
Woodward Stores Limited (1)				
First Mortgage Bonds				
4½% Series B due April 1, 1975	\$ 6,800,000	\$ 3,440,000	\$ 3,440,000	\$ 3,440,000
Debentures				
5% 1957 Series due January 15, 1977	\$ 6,000,000	\$ 50,000	\$ 50,000	\$ 50,000
5% 1958 Series due May 15, 1978	\$ 5,000,000	\$ 2,649,000	\$ 2,649,000	\$ 2,649,000
5¾% 1965 Series due June 15, 1985	\$10,000,000	\$ 8,691,000	\$ 8,691,000	\$ 8,691,000
6¾% Convertible 1969 Series due September 1, 1989	\$10,000,000	—	—	\$10,000,000
Woodward Acceptance Company Limited (2)				
6½% Series A Debentures due December 15, 1980 ...	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
SHARE CAPITAL (3):				
Preference shares				
4½% non-cumulative redeemable par value \$5 each	600,000 shs.	286,806 shs. (\$1,434,030)	286,806 shs. (\$1,434,030)	286,806 shs. (\$1,434,030)
Class A shares, no par value	8,503,300 shs.	4,694,480 shs. (\$11,736,200)	4,694,480 shs. (\$11,736,200)	4,694,480 shs. (\$11,736,200)
Class B shares, no par value	1,796,700 shs.	1,792,950 shs. (\$4,482,375)	1,792,950 shs. (\$4,482,375)	1,792,950 shs. (\$4,482,375)

Notes: (1) The First Mortgage Bonds of the Company are secured by a fixed charge on certain real and immovable property and other assets of Woodward's and by a floating charge on its undertaking. Under the terms of the Trust Indenture the Company is restricted from issuing further First Mortgage Bonds except for refunding those presently outstanding. All of the debentures of the Company rank equally.

(2) The Company has unconditionally guaranteed payment of principal, interest and premium, if any, on the debentures of Woodward Acceptance Company Limited. Under the terms of its indenture, Woodward Acceptance Company Limited has agreed to maintain assets consisting of current accounts receivable, cash or approved securities, equivalent to 112½% of its outstanding indebtedness.

(3) In addition to the stated value of the outstanding capital stock, Woodward's had Contributed Surplus of \$4,595,953 and Retained Earnings of \$40,555,758 as at May 31, 1969. 1,792,950 Class A shares have been reserved to provide for the right of exchange of the Class B shares and 500,000 Class A shares will be reserved to meet the conversion privilege to be attached to the 6¾% Convertible Debentures 1969 Series.

(4) Reference is made to Note 8 to the financial statements for particulars of long term lease commitments and contingent liabilities and to Note 2 for particulars of the minority interest in Southgate Shopping Centre Limited.

Purpose of Issue

The net proceeds to the Company from the sale of the securities offered by this prospectus will amount to \$9,800,000 before deducting expenses of issue estimated at \$50,000. These proceeds will be added to the working capital of the Company and, together with funds generated internally, will be available to the Company to meet capital and other expenditures for projects presently underway or proposed, which are described under "Expansion Program" on page 5.

Business of the Company

Woodward's, which began operations in Vancouver in 1892, is one of the largest retail establishments in Canada. Woodward's has been a leader in its industry as evidenced by its participation, in 1950, in the first shopping centre in Canada. This step was taken in recognition of the suburban growth of large cities and changing consumer buying habits. The growth of Woodward's has been influenced by the expansion of the economy and population in Western Canada. Since 1960, the areas served by Woodward's have experienced an increase in population of 18.9% which is well above the increase of 13.5% for Canada as a whole. During this period, five stores and two shopping centres were opened. Sales of Woodward's for its fiscal year ended January 31, 1969, amounted to \$257.7 million, an increase of 110% over sales for the fiscal year ended January 31, 1961 and an increase of 10.3% over sales for the fiscal year ended January 31, 1968.

Properties

Woodward's operates 13 stores located in the Provinces of British Columbia and Alberta. Five department stores are located in the Greater Vancouver area, three in Edmonton, Alberta, and one each in Kamloops, Port Alberni, Prince George and Victoria in British Columbia and one in Calgary, Alberta. The largest of such stores, in downtown Vancouver, contains 660,000 square feet of floor space, while the smallest, in Port Alberni, contains 97,000 square feet. Eight of the stores, having a total floor space of 2,045,000 square feet, are owned and five stores with total floor space of 1,130,000 square feet, are operated in premises held under long term leases which expire from 1981 to 1988, each of which is subject to renewal for a further period. Taking into account renewal clauses contained in every lease, the earliest expiration date is 1995. On the basis of leases on premises now occupied, the minimum annual rentals (exclusive of taxes and other expenses payable by the lessee) for any future fiscal year, are approximately \$2 million. In addition, each lease contains a sales percentage rental clause.

Woodward's owns and operates three shopping centres. Oakridge Shopping Centre in Vancouver, opened in 1959, is situated on 32 acres and contains the Woodward's Oakridge store of 294,400 square feet and 70,000 square feet of additional space leased to others. Northgate Shopping Centre in Edmonton, opened in 1965, is situated on 25.5 acres and contains the Woodward's Northgate store of 240,000 square feet and 50,000 square feet of additional space leased to others. Parkwood Shopping Centre in Prince George, opened in 1966, is situated on 13.5 acres and contains the Woodward's Parkwood store of 145,000 square feet and 33,000 square feet of additional space leased to others.

In addition to the complete lines of merchandise usually found in department stores, each Woodward's store has an extensive and modern food market. The food markets account for an important portion of Woodward's operations. They provide the customer with the advantage of one-stop shopping and generate traffic which benefits other departments of the stores.

Service stations are operated in conjunction with each of Woodward's department stores with the exception of the Park Royal store in West Vancouver and it is the intention of the Company to include a Woodward's service station with each future department store wherever possible.

Woodward's operates two major warehouses, one in Vancouver containing 352,000 square feet of space which is owned by Woodward's and one in Edmonton containing 313,000 square feet which is held under a long term lease.

Credit Sales

All types of merchandise sold by Woodward's can be purchased by customers on a credit basis. Various types of credit plan are available including 30 day Charge Accounts, Revolving Credit and Long Term Credit. Long Term Credit plans for larger purchases generally permit payment over a period of months, running to a maximum of three years. Woodward Acceptance Company Limited purchases long term accounts from the Woodward stores to the extent to which it has funds available.

Credit sales are approximately 34% of total sales. This is lower than the usual percentage in department stores and is due to the fact that a large percentage of sales in Woodward's food markets is on a cash basis.

Merchandise Sources

Woodward's estimates that approximately 85% of the merchandise it sells is purchased from Canadian suppliers. The remainder is purchased from many sources throughout the world. A buying office is maintained in London, England and many buying agencies operate on Woodward's behalf in other countries. Woodward buyers travel extensively, visiting current suppliers and searching for new sources of merchandise.

In addition to handling the brand lines of many manufacturers, merchandise is offered for sale under Woodward's own brand names, which include Woodcrest, Woodsonia, Woodpress, Sun Ray, Sport King, Transonic, Seven Star and Rawhide.

Employees

The full time permanent staff of Woodward's numbers approximately 5,000, with the total number employed reaching a peak of 12,000 at the height of the busiest season.

The Woodward organization has always maintained a policy of developing a young and thoroughly trained management and has constantly carried out training programs for potential executives in all phases of the business. The availability of qualified management has been recognized as, and will continue to be, a major factor in the sound growth and future expansion of the Company.

Woodwards has a Profit Sharing and Savings Fund Plan for the benefit of its employees. During the last financial year of Woodward's \$758,000 were contributed by Woodward's to the Plan. Woodward's has the right to determine its contributions to the Plan for any period.

Expansion Program

Woodward's is engaged in an expansion program and a modernization program of its existing facilities, and together with others, is assisting in the redevelopment of a major area of downtown Vancouver.

The construction of a two-storey addition of 41,750 square feet to the New Westminster store was completed in the fourth quarter of 1968. The cost of the addition, including fixtures, was approximately \$2.2 million.

The Park Royal Shopping Centre in West Vancouver is being expanded by the landlord and Woodward's has agreed to increase its leased premises by 62,650 square feet. Woodward's capital cost for fixtures is estimated at \$1.3 million and the project should be completed by early 1970.

Woodward's, in a joint venture with Hudson's Bay Company, has commenced construction of a shopping centre in Edmonton to be known as Southgate Shopping Centre Limited ("Southgate"). Woodward's holds 60% of the issued shares of Southgate. The total investment in the centre including land is expected to be approximately \$15 million. Woodward's portion of the construction cost will be approximately \$7.5 million. This will be a major centre on 40 acres which will include two large department stores and about 45 other stores and service establishments. Leases have been signed or are in the final stages of negotiation for almost all of this space. It is planned to open this centre in August 1970. In the course of the next five years it is anticipated that this centre will be independently financed and advances by the two shareholders will then be repaid. The Woodward store, to be leased from Southgate, will require an outlay of a further \$5 million for fixtures and merchandise inventories.

Woodward's is negotiating for 279,300 square feet of gross leasable space in a proposed shopping centre in Northwest Calgary. Woodward's estimates that its investment in respect of its store in the centre will be approximately \$5 million for fixtures and merchandise inventories.

Woodward's has just completed the expansion of its warehouse operations in new leased premises in Edmonton and proposes to expand its warehouse operations in Vancouver at a cost of approximately \$1.1 million.

Woodward's, together with Canadian Pacific Railway Company ("C.P.R."), Marathon Realty Company Limited, Third Properties Limited, a subsidiary of Grosvenor-Laing (B.C.) Ltd. and Simpsons-Sears Limited is engaged in a major redevelopment program for downtown Vancouver known as Project 200. The project involves the development of approximately 24 acres, of which 20 acres consists of air rights over C.P.R. track-age along the waterfront of downtown Vancouver. The first stage of this project is the construction of the C.P. Telecommunications Building to be leased in its entirety to the C.P.R. The cost of construction is estimated at \$1.6 million and Woodward's investment is expected to be approximately \$368,000.

There are other plans for new outlets which are in varying stages of early development.

Details of the Offering

The 6¾ % Convertible Debentures 1969 Series to mature September 1, 1989 (the "Debentures") will be issued under a Trust Indenture to be dated as of September 1, 1969 between the Company and Montreal Trust Company as Trustee (the "Trust Indenture").

The following is a summary of the material attributes and characteristics of the Debentures which does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture.

General

The Debentures will, in the opinion of counsel, be direct obligations of the Company but will not be secured by any charge. The Debentures will rank equally, except for sinking funds pertaining to the respective issues, with all outstanding debentures of the Company but will rank junior to the First Mortgage Bonds which are secured by a first fixed and specific mortgage, pledge and charge on certain real and immovable property and other assets of Woodward's and by a floating charge on its undertaking. At May 31, 1969, \$3,440,000 principal amount of First Mortgage Bonds were outstanding and, under the terms of the Trust Indenture, no additional First Mortgage Bonds may be issued other than for refunding of existing First Mortgage Bonds.

The Company has unconditionally guaranteed payment of principal, interest and premium, if any, on the outstanding \$5,000,000 Series A Debentures of Woodward Acceptance Company Limited. Under the terms of its indenture, Woodward Acceptance Company Limited has agreed to maintain assets consisting of current accounts receivable, cash or approved securities, equivalent to 112½ % of its outstanding indebtedness.

The principal of, and half-yearly interest (March 1 and September 1) and redemption premium, if any, on the Debentures will be payable in lawful money of Canada at any branch in Canada of the Company's bankers for this purpose at the holder's option. Debentures in definitive form are expected to be available for delivery on or about September 3, 1969. Debentures will be available as coupon debentures registrable as to principal only in the denomination of \$1,000 and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Sinking Fund

The Company will covenant in the Trust Indenture to pay to the Trustee, as and by way of a sinking fund for the Debentures, in each of the years 1980 to 1988 inclusive, sums sufficient to retire on September 1, in each of such years 5% of the principal amount of such Debentures outstanding at the close of business on September 1, 1979.

The Debentures will be redeemable out of sinking fund moneys at the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption. Debentures redeemed (for other than sinking fund purposes) or purchased by the Company after September 1, 1979 shall establish a sinking fund credit which may be applied to the satisfaction in whole or in part of future sinking fund obligations.

Redemption

The Debentures will not be redeemable on or before September 1, 1974. Subject to the foregoing, the Debentures will be redeemable prior to maturity for other than sinking fund purposes in whole at any time or in part from time to time at the option of the Company, on not less than 30 days' notice, at prices equal to the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

If redeemed in the 12 months ending September 1		If redeemed in the 12 months ending September 1		If redeemed in the 12 months ending September 1	
	%		%		%
1975	104.75	1980	102.80	1985	101.05
1976	104.35	1981	102.45	1986	100.70
1977	103.95	1982	102.10	1987	100.35
1978	103.55	1983	101.75	1988	100.00
1979	103.15	1984	101.40	1989	100.00

The Company will have the right to purchase Debentures in the market or by private contract at prices not exceeding 106.75% of the principal amount thereof if purchased on or prior to September 1, 1974 and thereafter at prices not exceeding the foregoing percentages of the principal amount thereof together with accrued and unpaid interest and costs of purchase.

Covenants

The Trust Indenture will contain covenants to the effect that so long as any of the Debentures are outstanding:

1. The Company will not issue any further First Mortgage Bonds except First Mortgage Bonds created and issued to refund the then outstanding First Mortgage Bonds of the Company.
2. The Company will not and will not permit a Subsidiary to mortgage, charge, pledge, hypothecate or otherwise encumber any of its assets to secure any obligation unless such obligation is a Funded Indebtedness and unless at the same time it will secure equally and rateably with such obligation all the Debentures then outstanding under the Trust Indenture; providing that such provision will not apply to (i) the giving or assumption of Purchase Money Obligations; (ii) the giving of any mortgage, charge, pledge or other encumbrance required to be given or granted pursuant to the provisions of the Deed of Trust and Mortgage securing the outstanding First Mortgage Bonds of the Company; (iii) the creation and issue of First Mortgage Bonds or other securities of the Company for the purpose of refunding its then outstanding First Mortgage Bonds or for the purpose of refunding any such refunding issue authorized under the foregoing provisions; (iv) any security (except on fixed assets and shares and indebtedness of Subsidiaries and shares or advances to companies in which the Company has more than a 50% interest) given in the ordinary course of business to any bank or banks, or others, to secure any indebtedness payable on demand or maturing within 12 months of the date that such indebtedness is incurred or the date of any renewal or extension thereof; (v) certain statutory and other liens and encumbrances to be specified in the Trust Indenture and (vi) any encumbrance existing on the property of a Subsidiary six months prior to the date on which it became a Subsidiary.

The Trust Indenture will also contain covenants which will prohibit, subject to certain exceptions, the issue, sale or other disposal of any shares or Funded Indebtedness (other than Purchase Money Obligations) of any Subsidiary other than to the Company or to any other Subsidiary or other than to secure Funded Indebtedness of the Company (including any First Mortgage Bonds issued by the Company) unless, in the case of a sale or other disposal of shares or Funded Indebtedness of a Subsidiary, all the shares and Funded Indebtedness of such Subsidiary held by the Company or any other Subsidiary are sold or disposed of.

3. The Company will not create, issue or become liable upon or assume any Funded Indebtedness (including the issue of further Debentures under the Trust Indenture) unless (i) the average annual Consolidated Net Earnings for the Two Preceding Years have amounted to at least three times the amount required to meet the annual interest requirements on all Consolidated Funded Indebtedness to be outstanding after such proposed issue, and (ii) as at a date not more than one hundred and twenty days prior to the date of such proposed issue, Consolidated Net Tangible Assets plus the net proceeds of the proposed issue of Funded Indebtedness shall be equal to at least one and one-half times the aggregate principal amount of all Consolidated Funded Indebtedness to be outstanding after such proposed issue.
4. Neither the Company nor any Subsidiary will sell, transfer or otherwise dispose of, except to the Company or to another Subsidiary, any substantial part of its properties and assets unless immediately after giving effect to any such disposal Consolidated Net Tangible Assets shall be equal to at least one and one-half times the aggregate principal amount of all Consolidated Funded Indebtedness.

Definitions

The Trust Indenture will contain, among others, definitions to the following effect:

1. "Consolidated Net Earnings" for any period means the net profit or gain (not including capital gains or losses) of the Company and of its Subsidiaries for such period, to be defined as before interest on any Funded Indebtedness, income taxes, depreciation, depletion or amortization.
2. "Funded Indebtedness" means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than twelve months after the date of the creation, issuance or assumption thereof and any guarantees in respect thereof.

3. "Subsidiary" means any corporation of which outstanding shares carrying voting rights at all times and representing more than fifty per cent (50%) of the votes represented by all such shares outstanding are or shall at any time be owned directly or indirectly, or held by or for the Company and/or by or for any other corporation in like relation to the Company and includes any corporation in like relation to a Subsidiary; provided that the terms "Subsidiary" or "Subsidiaries" shall not include any corporation whose business is restricted to the purchasing of accounts receivable, liens, mortgages and other evidences of indebtedness or acquiring, by lease, purchase or otherwise land, buildings and interests in land for the purpose of improving and developing the same.

Modification

The rights of a Debentureholder under the Trust Indenture may be modified. For that purpose, among others, the Trust Indenture will contain provisions for the holding of meetings of Debentureholders and for rendering resolutions passed at such meetings by not less than 66 $\frac{2}{3}$ % of the votes cast or instruments in writing signed by the holders of 66 $\frac{2}{3}$ % of the Debentures binding upon all Debenture holders, subject to the provisions of the Trust Indenture.

Conversion Privilege

Each Debenture will be convertible at the holder's option at any time up to the close of business on September 1, 1979 or, if called for redemption, the business day immediately preceding the date fixed for redemption of such Debenture, whichever is earlier, into fully paid and non-assessable Class A shares of no par value in the capital of the Company as presently constituted (without adjustment for interest accrued on such Debenture or for dividends on Class A shares issuable upon conversion) on the basis of 50 Class A shares for each \$1,000 principal amount of Debentures, being equivalent to a conversion price of \$20 per Class A share.

The Trust Indenture will contain provisions to the effect that, in the event of (a) any reduction in the number of Class A or Class B shares outstanding due to consolidation thereof or (b) any increase in the number of Class A or Class B shares outstanding due to sub-division thereof, a proportionate adjustment shall be made in the number of Class A shares issuable upon conversion of the Debentures. The Trust Indenture will also contain other provisions designed to protect the conversion privilege against dilution. The Company will covenant in the Trust Indenture that it will at all times reserve sufficient of its unissued Class A shares to satisfy the exercise of the right of conversion attaching to the Debentures.

Description of Class A and Class B Shares

All of the Class A and Class B shares of the Company confer on the holders thereof the right to one vote, and rank equally with each other except as to rights to dividends, which rights are as follows:

- (i) The Class B shares are entitled to receive the same annual rate of dividends as Class A shares, but the holders of the Class B shares may waive dividends on their shares for any period, without prejudice to the right of the holders at a later date to require payment within twelve months of the dividends so waived.
- (ii) The Directors may pay to the holders of Class B shares dividends previously waived in the form of stock dividends consisting of redeemable preference shares which before allotment shall be paid up by the application in payment therefor of funds available to the Company as the result of capitalization of tax-paid undistributed income on the condition that \$5.882 of dividends previously waived shall be deemed to be paid by the Company and received by such holder for every redeemable preference share of the par value of \$5.00 which may be allotted to such holder by way of stock dividend.

Each Class B share may, at the holder's option, be exchanged for a Class A share. Any Class B share surrendered in exchange may be reissued.

Interest Charges

The maximum annual interest charges on the outstanding \$3,440,000 principal amount of First Mortgage Bonds of the Company amount to \$159,100 and the maximum annual interest charges on the outstanding debentures of the Company amount to \$959,682 and the maximum annual interest charges on the \$10,000,000 principal amount of the 6 $\frac{3}{4}$ % Convertible Debentures 1969 Series will amount to \$675,000.

Consolidated earnings before extraordinary gains and provision for income taxes, available for payment of interest on long term debt of the Company and its subsidiaries averaged \$12,087,108 for the five years ended January 31, 1969 and amounted to \$15,012,966 in the year then ended.

Net Tangible Assets

The consolidated net tangible assets of the Company and its subsidiaries as at May 31, 1969 after giving effect to this financing were as follows:

Fixed assets (valued in accordance with Note 3 to the Consolidated Financial Statements)	\$70,806,335
Less accumulated depreciation	<u>26,220,770</u>
Fixed assets—net	44,585,565
Net current assets	40,471,219
Other assets (excluding unamortized debenture expense)	364,322
Equity in Southgate	<u>637,607</u>
	86,058,713
Less — Deferred income taxes	<u>1,905,000</u>
Net tangible assets	84,153,713
Net proceeds of this issue	9,800,000
Net tangible assets adjusted to give effect to this financing	<u><u>\$93,953,713</u></u>

These adjusted net tangible assets of \$93,953,713 are equivalent to \$3,215 for each \$1,000 of the \$29,221,000 principal amount of long term debt outstanding as at May 31, 1969 after giving effect to the present financing.

Directors and Officers

<u>Name and address</u>	<u>Office</u>	<u>Principal occupation</u>
CHARLES NAMBY WYNN WOODWARD..... 2020 Haro Street, Vancouver, British Columbia	Chairman of the Board..... and Director	Chairman of the Board, Woodward Stores Limited
GEORGE DENNISON GLANVILLE..... 3330 Radcliffe Avenue, West Vancouver, British Columbia	President and Director.....	President, Woodward Stores Limited
THOMAS RAYMOND FARRELL..... 2151 West 39th Avenue, Vancouver, British Columbia	Executive Vice President..... and Director	Executive Vice President, Woodward Stores Limited
THOMAS KENNETH CAMPBELL..... 7 Tweedsmuir Crescent, Edmonton, Alberta	Vice President and Director.....	Vice President, Woodward Stores Limited
CHARLES REGINALD CLARRIDGE..... 483 Eastcot Road, West Vancouver, British Columbia	Vice President and Director.....	Vice President, Woodward Stores Limited
HAROLD LESLIE JOY..... 6165 Collingwood Place, Vancouver, British Columbia	Vice President and Director.....	Vice President, Woodward Stores Limited
WALTER GORDON SKINNER, F.C.A..... 224 Onslow Place, West Vancouver, British Columbia	Vice President, Secretary..... and Director	Vice President and Secretary, Woodward Stores Limited
RUTH WYNN WOODWARD..... Woodwynn Farm, Saanichton, British Columbia	Vice President..... and Director	Housewife
FREDERICK BLAKE BARKER..... 6310 Fremlin Street, Vancouver, British Columbia	Director.....	Store Manager, Woodward Stores Limited

<u>Name and address</u>	<u>Office</u>	<u>Principal occupation</u>
RONALD NEVILLE BLIGH..... 2020 Haro Street, Vancouver, British Columbia	Director.....	Director — Real Estate and Development, Woodward Stores Limited
MARCO GANDOSI..... 9731 - 146 Street, Edmonton, Alberta	Director.....	Supervisor—Finance and Accounting, Woodward Stores Limited
LESLIE GEORGE HULL..... 5951 Balsam Street, Vancouver, British Columbia	Director.....	Divisional Merchandise Manager, Woodward Stores Limited
GRANT WOODWARD MACLAREN..... R. R. 6, North Edmonton, Alberta	Director.....	Merchandise Manager, Woodward Stores Limited
ARTHUR FERDINAND MAYNE..... 342 Redfern Avenue, Westmount 215, Quebec	Director.....	President, A. F. Mayne & Associates Limited
JOHN OXLEY MOXON..... 1215 Delaire Drive S.W., Calgary, Alberta	Director.....	Store Manager, Woodward Stores Limited
WILLIAM HERBERT NOBLE..... 2180 West 6th Avenue, Vancouver, British Columbia	Director.....	Salesman, Woodward Stores Limited
LEWIS GEORGE PHIPPS..... 405 McBeth Crescent, West Vancouver, British Columbia	Director.....	Director—Buildings and Planning, Woodward Stores Limited
GEORGE MALLAM RENNIE..... 3820 S. W. Marine Drive, Vancouver, British Columbia	Director.....	Divisional Merchandise Manager, Woodward Stores Limited
AIDAN ROBINSON..... 2 Burlington Court, Pond Square, Highgate Village, London N6, England	Director.....	Manager—London Office, Woodward Stores Limited
ROBERT ARTHUR WHITE..... 1176 West 54th Avenue, Vancouver, British Columbia	Director.....	Barrister & Solicitor
GORDON ALEXANDER ANDERSON..... 245 West 28th Street, North Vancouver, British Columbia	Assistant Secretary.....	Assistant Secretary, Woodward Stores Limited

All of the directors and officers of the Company have held their present positions or other positions with the same firms for the past five years with the exception of Mr. A. F. Mayne whose principal occupation prior to January 23, 1969 was Executive Vice President of a Canadian chartered bank.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was \$736,391 for the year ended January 31, 1969, and \$240,081 for the five months ended June 30, 1969.

The estimated aggregate cost to the Company and its subsidiaries for the year ended January 31, 1969 of all pension benefits proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age was \$134,439.

As at June 30, 1969 the directors and senior officers, as a group, beneficially owned, directly or indirectly, 3.7% of the outstanding Class A shares and 95.5% of the outstanding Class B shares of the Company.

Principal Shareholders

As at June 30, 1969, the principal equity shareholders of the Company were:

Name and address	Designation of Class	Type of ownership	Number of shares owned	Percentage of class
Elmswood Limited ¹ 101 West Hastings Street, Vancouver, B.C.	Class A	Record & Beneficial	77,604	1.65
	Class B	Record & Beneficial	1,176,184	65.5
Charles Namby Wynn Woodward, 2020 Haro Street, Vancouver, B.C.	Class A	Record & Beneficial	512	0.01
	Class B	Record & Beneficial	507,056	28.3
The Trustees for Woodward's Profit Sharing & Savings Fund Plan, ² 101 West Hastings Street, Vancouver, B.C.	Class A	Record	557,871	11.9

Notes:

- 1 Elmswood Limited is controlled by Mrs. Ruth Wynn Woodward who is deemed to own beneficially the Class A and Class B shares owned by it.
- 2 Shares held in the Profit Sharing & Savings Fund Plan for the benefit of employees of the Company who are members may, during the term of the Plan, be voted by the trustees as a majority thereof in their discretion may determine. The present trustees are the directors of the Company and Miss Rose Bancroft of 7671 Griffiths Street, Burnaby, British Columbia.

Plan of Distribution

Under an agreement dated July 29, 1969, between the Company and Wood Gundy Securities Limited, as underwriter, the Company has agreed to sell and the underwriter has agreed to purchase, subject to the terms and conditions stated therein, the \$10,000,000 principal amount of 6¾ % Convertible Debentures 1969 Series at a price of \$98 per \$100 principal amount thereof, plus accrued interest from September 1, 1969 to the date of delivery, payable in cash to the Company against delivery of such Debentures.

The underwriter is obligated to take up and pay for all of the Debentures if any of the Debentures are purchased and therefore no Debentures less than the full principal amount thereof will be issued by the Company.

Dividend Record

The Company has paid dividends on its outstanding shares in each of the five years ended January 31, 1969 as follows:

	1965	1966	1967	1968	1969
Class A shares.....	\$.35	\$.35	\$.375	\$.405	\$.46
Class B shares*	\$.35	\$.35	\$.375	\$.405	\$.46

*including taxes related thereto.

Market Prices of Class A Shares

The following table sets out the reported high and low sale prices of the Class A shares of the Company for the periods indicated after giving effect to the two for one stock split on June 30, 1967. The Class A shares are listed on the Vancouver and Toronto Stock Exchanges.

Year	High	Low
1964	\$13.75	\$10.50
1965	14.31	11.25
1966	13.43	11.37
1967	18.00	11.50
1968	22.87	16.12
1969 (through June 30, 1969)	20.87	16.62

The reported closing sale price on The Toronto Stock Exchange on July 2, 1969 was \$18.00.

Material Contracts

Particulars of material contracts entered into by the Company and its subsidiaries during the two years preceding the date hereof, other than contracts in the ordinary course of business are as follows:

- (i) underwriting agreement between the Company and Wood Gundy Securities Limited referred to on page 11 under "Plan of Distribution";
- (ii) construction contract made on March 26, 1969 between Southgate Shopping Centre Limited and Poole Construction Limited for construction of a building and facilities in Southgate Shopping Centre, in Edmonton, Alberta, for the sum of \$10,467,048; and
- (iii) agreement dated as of May 1, 1968 between the Company, the Governor and Company of Adventurers of England Trading into Hudson's Bay and Southgate Shopping Centre Limited providing for the management of Southgate Shopping Centre Limited and the sale of the Southgate Shopping Centre site by Woodward's to Southgate Shopping Centre Limited.

Copies of the foregoing agreements may be examined during the usual business hours at the head office of the Company during the period of primary distribution of the Debentures and for a period of 30 days thereafter.

Auditors, Transfer Agents and Registrars

The auditors of the Company are Deloitte, Plender, Haskins & Sells, Chartered Accountants, 505 Burrard Street, Vancouver, British Columbia.

The Transfer Agent and Registrar for the Class A shares of the Company is the Company at its head office and Montreal Trust Company, Edmonton, Toronto and Montreal.

The registers in respect of the 4½% non-cumulative preferred shares and the Class B shares of the Company and the registers of transfers thereof are maintained at the head office of the Company.

The registers for the 4½% First Mortgage Bonds Series B are kept at the offices of Montreal Trust Company in Vancouver, Winnipeg, Toronto and Montreal.

The registers for the Debentures of the Company are kept at the offices of Montreal Trust Company in Vancouver, Winnipeg, Toronto and Montreal, who will also keep the registers for the 6¾% Convertible Debentures 1969 Series.

Counsel for the Company are Messrs. Cowan & Co., Vancouver, whose partners own beneficially 250 Class B shares and 100 Class A shares of the Company.

Auditors' Report

To the Directors
Woodward Stores Limited:

We have examined the consolidated balance sheet of Woodward Stores Limited and its subsidiary companies as at January 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the five fiscal years then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As to one subsidiary, Southgate Shopping Centre Limited, we have relied on the report of other chartered accountants on their examination of the financial statements of that subsidiary for the year ended January 31, 1969.

In our opinion, based on our examination and the report of other chartered accountants referred to above, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1969 and the results of their operations and the source and application of their funds for the five fiscal years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, British Columbia.
July 31, 1969

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants

**Woodward Stores Limited
And Subsidiary Companies
Consolidated Balance Sheet**

Assets	January 31, 1969	May 31, 1969
Current Assets:		(unaudited)
Cash	\$ 3,204,246	\$ 3,670,519
Marketable securities—at cost (market value January 31, 1969—\$4,888,052; May 31, 1969—\$4,427,166)	1,891,547	1,391,896
Accounts receivable less allowance for doubtful accounts	25,633,806	21,992,343
Merchandise inventories—at lower of cost or market	35,817,171	35,637,857
Prepaid expenses	579,200	803,543
	<u>67,125,970</u>	<u>63,496,158</u>
Investments and Other Assets:		
Investment in and advances to associated companies	321,550	321,550
Mortgages and deferred charges	49,150	42,772
Special refundable tax	60,058	—
	<u>430,758</u>	<u>364,322</u>
Southgate Shopping Centre Limited (Note 2)	1,414,998	1,861,536
Fixed Assets (Note 3):		
Buildings and improvements	38,926,487	38,930,218
Fixtures and equipment	22,932,870	23,781,190
	<u>61,859,357</u>	<u>62,711,408</u>
Accumulated depreciation	25,231,165	26,220,770
	<u>36,628,192</u>	<u>36,490,638</u>
Land	8,094,927	8,094,927
	<u>44,723,119</u>	<u>44,585,565</u>
Unamortized Debenture Expense	83,170	78,970
	<u>\$113,778,015</u>	<u>\$110,386,551</u>
Liabilities		
Current Liabilities:		
Bank indebtedness	\$ 4,859,763	\$ 5,405,092
Short term notes—unsecured	—	2,800,000
Accounts payable and accrued liabilities	17,644,309	14,203,109
Funded debt due within one year (Note 4)	560,000	609,000
Income taxes payable	2,178,800	7,738
	<u>25,242,872</u>	<u>23,024,939</u>
Funded Indebtedness (Note 4)	19,921,000	19,221,000
Deferred Income Taxes	1,900,000	1,905,000
	<u>47,063,872</u>	<u>44,150,939</u>
Minority Interest in Southgate Shopping Centre Limited (Note 2)	1,045,314	1,223,929
Shareholders' Equity		
Share Capital (Note 5):		
Authorized		
600,000 4½ % Non-cumulative preference shares, par value \$5.00 each, redeemable at par		
7,003,300 Class A shares, no par value		
1,796,700 Class B shares, no par value		
Issued and fully paid		
264,090 Preference shares (May 31, 1969—286,806 shares)	1,320,450	1,434,030
4,694,480 Class A shares	11,736,200	11,736,200
1,792,950 Class B shares	4,482,375	4,482,375
Contributed Surplus (Note 6)	4,595,953	4,595,953
Surplus Resulting From Restatement of Certain Fixed Assets (Note 7)	2,247,509	2,207,367
Retained Earnings	41,286,342	40,555,758
	<u>65,668,829</u>	<u>65,011,683</u>
	<u>\$113,778,015</u>	<u>\$110,386,551</u>

Approved on behalf of the Board:

(Signed) C. N. WOODWARD, Director

(Signed) W. G. SKINNER, Director

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Consolidated Statement of Earnings

	Fiscal year ended January 31				Four months ended May 31	
	1965	1966	1967	1968	1968	1969
Operating revenue:					(unaudited)	(unaudited)
Sales including service charges	\$163,510,197	\$181,162,210	\$204,963,060	\$233,704,646	\$ 72,471,077	\$ 80,050,732
Rental revenue — gross	637,955	794,497	976,345	1,108,326	371,225	388,089
Total operating revenue	164,148,152	181,956,707	205,939,405	234,812,972	72,842,302	80,438,821
Costs and expenses:						
Cost of merchandise sold and all other expenses except those listed hereunder	126,164,101	138,784,848	156,214,790	177,677,811	55,096,956	60,700,332
Wages, salaries, commissions and bonuses	26,890,940	30,069,198	34,473,999	39,809,353	13,447,503	14,948,429
Depreciation	1,997,969	1,888,809	2,321,583	2,682,705	972,742	949,463
Interest on funded debt	810,451	1,167,650	1,323,250	1,250,282	416,833	389,313
Profit sharing and retirement funds	717,800	836,920	1,203,564	1,736,303	764,976	1,030,077
Total costs and expenses	156,181,261	172,747,425	195,539,186	223,156,454	70,699,010	78,017,614
Operating income	7,966,891	9,209,282	10,400,219	11,656,518	2,143,292	2,421,207
Other income	525,080	358,341	389,199	365,413	78,737	90,070
Company's share of net loss — Southgate Shopping Centre Limited	—	—	—	—	—	(2,077)
Earnings before provision for income taxes	8,491,971	9,567,623	10,789,418	12,021,931	2,222,029	2,509,200
Provision for income taxes	4,017,797	4,592,567	5,365,875	6,026,385	1,142,000	1,311,000
Earnings before extraordinary items	4,474,174	4,975,056	5,423,543	5,995,546	1,080,029	1,198,200
Extraordinary gains—on disposal of certain land (Note 2) —on sale of certain securities	—	—	—	—	—	—
Net earnings	\$ 4,474,174	\$ 4,975,056	\$ 5,423,543	\$ 5,995,546	\$ 1,080,029	\$ 1,198,200

Consolidated Statement of Retained Earnings

	Fiscal year ended January 31				Four months ended May 31	
	1965	1966	1967	1968	1968	1969
Balance at beginning of period	\$ 24,685,708	\$ 26,917,521	\$ 29,640,466	\$ 32,655,838	(unaudited)	(unaudited)
Net earnings	4,474,174	4,975,056	5,423,543	5,995,546	\$ 36,055,540	\$ 41,286,342
Discount earned on redemption of debentures	8,528	11,173	17,249	31,565	1,080,029	1,198,200
Cash dividends—Class A shares	29,168,410	31,903,750	35,081,258	38,682,949	13,330	17,445
Share dividends—Class B shares (including taxes related thereto)	1,622,044	1,634,439	1,751,657	1,899,746	37,148,899	42,501,987
	628,845	628,845	673,763	727,663	1,219,590	1,408,344
	2,250,889	2,263,284	2,425,420	2,627,409	467,141	537,885
Balance at end of period	\$ 26,917,521	\$ 29,640,466	\$ 32,655,838	\$ 36,055,540	\$ 35,462,168	\$ 40,555,758

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Consolidated Statement of Source and Application of Funds

	Fiscal year ended January 31				Four months ended May 31	
	1965	1966	1967	1968	1969	(unaudited)
Funds Provided:						
Net earnings	\$ 4,474,174	\$ 4,975,056	\$ 5,423,543	\$ 5,995,546	\$ 8,174,541	\$ 1,198,200
Depreciation	1,597,969	1,888,809	2,321,583	2,682,705	2,953,497	949,463
Provision for deferred income taxes	282,500	445,500	422,500	75,000	30,000	5,000
Deferred charges absorbed	9,407	89,167	184,171	449,103	121,437	4,200
Total funds provided from operations	6,364,050	7,398,532	8,351,797	9,202,354	11,279,475	2,156,863
Proceeds from issue of share capital	1,830,686	—	—	—	—	—
Proceeds from issue of debentures	—	9,750,000	—	—	—	—
Disposal of investments, fixed assets and other assets - net	56,163	30,901	126,596	329,146	779,808	23,823
Special refundable tax	—	—	—	—	337,656	60,058
Total funds provided	8,250,899	17,179,433	8,478,393	9,531,500	12,396,939	2,240,744
Funds Applied:						
Additions to fixed assets	6,331,100	9,353,025	6,590,478	1,944,906	3,314,004	852,051
Reduction in funded indebtedness	767,000	787,000	725,000	1,323,000	1,553,000	700,000
Dividends (including redemption of share dividends)	2,098,184	2,167,844	2,387,240	2,543,409	2,854,948	1,832,649
Investments in and advances to associated companies	—	—	408,000	(95,650)	9,200	—
Increase in equity in Southgate Shopping Centre Limited ..	—	—	—	—	369,684	267,923
Special refundable tax	—	—	283,747	113,967	—	—
Deferred charges paid	81,290	191,171	374,067	—	—	—
Total funds applied	9,277,574	12,499,040	10,768,532	5,829,632	8,100,836	3,652,623
Resulting in an increase (decrease) in working capital of	(1,026,675)	4,680,393	(2,290,139)	3,701,868	4,296,103	(1,411,879)
Working capital at beginning of period	32,521,548	31,494,873	36,175,266	33,885,127	37,586,995	41,883,098
Working capital at end of period	\$31,494,873	\$36,175,266	\$33,885,127	\$37,586,995	\$41,883,095	\$40,471,219

The accompanying notes are an integral part of the financial statements.

Woodward Stores Limited and Subsidiary Companies

Notes to the Consolidated Financial Statements

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include all subsidiaries. The Company owns 60% of the outstanding shares of Southgate Shopping Centre Limited (Southgate), and the balance of the shares are held by Hudson's Bay Company. Under the terms of a joint venture agreement between the Company and Hudson's Bay Company, all major decisions require joint approval. Accordingly, the Company does not have effective control over Southgate and, therefore the Company's equity in Southgate is shown on the Consolidated Balance Sheet of the Company at January 31, 1969 and May 31, 1969, and the Company's share of net losses is shown on the Consolidated Statement of Earnings for the periods then ended.

2. SOUTHGATE SHOPPING CENTRE LIMITED:

During the year ended January 31, 1969, a wholly-owned subsidiary sold a parcel of land to Southgate Shopping Centre Limited for \$2,391,600, being \$1,997,145 in excess of recorded net cost, receiving in consideration cash in amount of \$956,640 and the balance of \$1,434,960 included as part of a note receivable amounting to \$1,575,000. In the consolidated financial statements, the Company's equity in Southgate was reduced by \$1,198,287 representing the Woodward group 60% share of the \$1,997,145 in excess of recorded net cost on disposal of land by the wholly owned subsidiary. The remaining 40% in the amount of \$798,858 is reflected in the consolidated statement of earnings as an extraordinary item. The Company's equity value in Southgate is as follows:

	January 31 1969	May 31 1969
Capital and long term debt of Southgate:		(unaudited)
Notes and advances	\$2,625,000	\$3,075,000
Share capital outstanding	50	50
	<u>2,625,050</u>	<u>3,075,050</u>
Deficit	11,765	15,227
	<u>2,613,285</u>	<u>3,059,823</u>
Minority interest — 40%	1,045,314	1,223,929
Company's interest — 60%	1,567,971	1,835,894
Less reduction explained above	1,198,287	1,198,287
Company's equity	<u>\$ 369,684</u>	<u>\$ 637,607</u>
Balance sheet presentation:		
Southgate Shopping Centre Limited	\$1,414,998	\$1,861,536
Minority interest in Southgate Shopping Centre Limited	1,045,314	1,223,929
Company's equity as above	<u>\$ 369,684</u>	<u>\$ 637,607</u>

3. VALUATION OF FIXED ASSETS:

Fixed assets are stated at cost except for assets of a net depreciated book value of \$6,569,258 at January 31, 1969, and \$6,489,116 at May 31, 1969, included at appraised values as at January 21, 1952, as reported by General Appraisal Company Limited. Accumulated depreciation includes \$2,047,025 at January 31, 1969 and \$2,087,167 at May 31, 1969 which has been transferred from the surplus resulting from this restatement of fixed assets.

4. FUNDED INDEBTEDNESS:

	Maturity	January 31, 1969	May 31, 1969
4½ % First Mortgage Sinking Fund Bonds			(unaudited)
Series B with annual sinking fund requirements			
of \$560,000	April 1, 1975	\$ 4,000,000	\$ 3,440,000
5% Sinking Fund Debentures 1957 Series	Jan. 15, 1977	50,000	50,000
5% Sinking Fund Debentures 1958 Series with			
annual sinking fund requirements of \$200,000	May 15, 1978	2,680,000	2,649,000
6½ % Debentures Series A,			
Woodward Acceptance Company Limited	Dec. 15, 1980	5,000,000	5,000,000
5¾ % Sinking Fund Debentures 1965 Series with			
annual sinking fund requirements of \$400,000			
to 1977 and \$500,000 thereafter	June 15, 1985	8,751,000	8,691,000
		<u>20,481,000</u>	<u>19,830,000</u>
Less instalments due within one year shown			
as current liabilities		560,000	609,000
		<u>\$19,921,000</u>	<u>\$19,221,000</u>

The Trust Indentures, pursuant to which the First Mortgage Bonds and the Debentures of the Company have been issued, contain certain restrictive covenants concerning payment of dividends. At January 31, 1969 and May 31, 1969, the consolidated net current assets were approximately \$21,500,000 and \$20,500,000 respectively in excess of the requirement under the most restrictive of such covenants, and the consolidated retained earnings free of restrictions were approximately \$20,000,000 both at January 31, 1969 and May 31, 1969.

5. SHARE CAPITAL:

(a) Alterations of share capital:

(i) On April 30, 1968, the shareholders approved a special resolution to the effect that each Class B share may, at the option of the holder, be exchanged for a Class A share. Accordingly, there are 1,792,950 unissued Class A shares available for the exchange of the outstanding Class B shares. Any Class B shares surrendered in exchange may be reissued.

(ii) On July 4, 1969, the shareholders approved a special resolution increasing the number of Class A shares the Company is authorized to issue from 7,003,300 Class A shares without nominal or par value to 8,503,300 Class A shares without nominal or par value.

(b) Shares issued for non-cash consideration:

During the five years ended January 31, 1969, 592,426 Preference Shares having a par value of \$2,962,130 were issued as share dividends, and 13,065 Class A shares were issued in consideration of the conversion of Debentures 1957 Series (four months ended May 31, 1969, 91,438 Preference Shares having a par value of \$457,190 were issued as share dividends). During the five years ended January 31, 1969, 3,750 Class B shares were surrendered and exchanged for 3,750 Class A shares (none during the four months ended May 31, 1969).

6. CONTRIBUTED SURPLUS:

	Year ended January 31		
	1965	1966	1967
Balance at beginning of period	\$3,235,816	\$4,486,892	\$4,496,202
Add:			
Premium arising from allotment of Class A shares:			
Conversion of Debentures 1957 Series	20,615	9,310	99,751
Exercise of share purchase warrant rights	1,230,461	—	—
Balance at end of period	<u>\$4,486,892</u>	<u>\$4,496,202</u>	<u>\$4,595,953</u>

There was no change in Contributed Surplus during the period January 31, 1967 to May 31, 1969.

7. SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS:

Excess resulting from revaluation of fixed assets referred to in Note 3 less amounts transferred to accumulated depreciation to January 31, 1964	\$5,086,946
Net excess of cost of acquiring shares in subsidiaries over book value of net assets at dates of acquisition	2,237,372
Balance at January 31, 1964	2,849,574
Amounts transferred to accumulated depreciation in the five years ended January 31, 1969 (\$120,413 in each year)	602,065
Balance at January 31, 1969	2,247,509
Amount transferred to accumulated depreciation in the four months ended May 31, 1969	40,142
Balance at May 31, 1969	<u>\$2,207,367</u>

8. CONTINGENT LIABILITIES AND COMMITMENTS:

(a) As at January 31, 1969 and May 31, 1969, two mortgages totalling \$300,000 on a portion of the Vancouver land and buildings had been given as security for payment of rentals on leased property.

(b) There were six major leasehold interests in shopping centres and one warehouse on which the aggregate minimum annual rentals were approximately \$2,000,000 (exclusive of taxes and other expenses payable by the lessee) as at January 31, 1969 and May 31, 1969. Except for the warehouse, each lease contains a sales percentage rental clause. Taking into account renewal clauses, contained in every lease, the earliest expiry date at January 31, 1969 was 1991, and at May 31, 1969 was 1995. Lease rentals charged against income during the year ended January 31, 1969 were approximately \$2,500,000.

(c) On March 26, 1969 Southgate Shopping Centre Limited signed an agreement for construction of a building and facilities for the sum of \$10,467,048.

(d) The estimated unfunded liability with respect to the employees' pension plan as at January 31, 1969 was \$8,494,000 which will be amortized and absorbed against income over 21 years. The total pension expense charged against income in respect of the employees' pension plan for the year ended January 31, 1969 amounted to \$1,227,000 (four months ended May 31, 1969 \$615,000).

9. INTEREST COVERAGE:

Consolidated earnings available for payment of interest on long term debt of the Company and its subsidiaries after deducting provision for income taxes of subsidiaries were as follows:

Fiscal year ended January 31	
1965	\$5,288,117
1966	6,147,910
1967	6,759,787
1968	7,251,957
1969 (excluding extraordinary gains)	7,910,894

10. CONVERTIBLE DEBENTURES:

The Company has entered into an agreement dated July 29, 1969 for the sale of \$10,000,000 principal amount of 6¾% Convertible Debentures 1969 Series due September 1, 1989 for \$9,800,000. Expenses in connection with this issue are estimated at \$50,000. The Convertible Debentures will be convertible at the holders' option at any time up to September 1, 1979 or, if called for redemption, on the business day immediately preceding the date specified for redemption, whichever is earlier, into 50 Class A shares for each \$1,000 principal amount of Convertible Debentures. 500,000 Class A shares will be reserved for such conversion.

Purchaser's Statutory Rights of Withdrawal and Rescission

Sections 63 and 64 of The Securities Act, 1967 (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1968 (Manitoba), and sections 63 and 64 of The Securities Act, 1966 (Ontario) provide, in effect, that where a security is offered to the public in the course of primary distribution

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Section 61 and 62 of the Securities Act, 1967 (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Dated: July 31, 1969

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick).

(Signed) C. N. WOODWARD
Chairman of the Board

(Signed) W. G. SKINNER
Vice-President and Secretary

On behalf of the Board of Directors

(Signed) G. D. GLANVILLE
Director

(Signed) T. R. FARRELL
Director

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of the Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick).

WOOD GUNDY SECURITIES LIMITED

By: (Signed) J. M. G. SCOTT

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Wilder, J. N. Cole, E. S. Johnston, J. K. McCausland, P. J. Chadsey, J. R. LeMesurier, C. E. Medland and J. N. Abell.

